



EDITORIAL BOARD MEMO

To: Editors and Columnists

From: Frank Clemente, Executive Director, Americans for Tax Fairness

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The Trump-GOP tax cuts, formally known as the Tax Cuts and Jobs Act, passed Congress Dec. 20, 2017, and was signed into law by President Trump on Dec. 22. At the six-month point, [Americans for Tax Fairness](#) analyzes below the effects of the law based on six criteria, which rely on numerous authoritative sources.

TRUMP-GOP TAX CUTS SIX-MONTHS ANNIVERSARY: AN ANALYSIS

TAX FAIRNESS

- **The vast majority of the Trump-GOP tax cuts will go to the wealthy and big corporations not working families.** 83% of the tax cuts are [going to the richest 1%](#) once the law is fully implemented. [[Tax Policy Center](#) (TPC)]
- In the U.S., the average tax cut for the top 1% is \$51,000 this year; the bottom 60% of taxpayers will get [about a dollar day](#). [TPC]
- Tax cut data for 17 states is available [HERE](#)—CA, CO, FL, IA, ME, MI, MN, MO, NC, NJ, NV, NY, OH, PA, TX, UT, and VA.

INCREASING WORKER PAY & JOBS

- **President Trump promised that his corporate tax cuts would give the typical American household a [\\$4,000 pay raise](#), lead corporations to “[shower their workers with bonuses](#),” produce “[massive investments](#)” and stop corporations from outsourcing jobs and shifting profits offshore.**
- But after six months, an analysis by Americans for Tax Fairness (ATF) found that:
 - Only [4% of workers](#) so far are getting a bonus or wage hike.
 - Only [402 out of 5.9 million](#) employers have announced wage hikes due to the tax cuts.
 - **156 corporations are projected to [save \\$77 billion in tax cuts](#) in 2018.** That’s [11 times more than the \\$7 billion](#) corporations have promised their workers through one-time bonuses and wage hikes.
 - **Corporations are giving huge windfalls to their CEOs and wealthy shareholders in the form of stock buybacks**, as they [own most stock](#). Corporations have announced [\\$484 billion in stock buybacks](#) since the tax law was passed. That’s [68 times more than the \\$7 billion](#) corporations have promised workers through one-time bonuses and wage hikes.
 - Data for corporations in 17 states can be found [HERE](#).
- With respect to wage growth since the tax bill was enacted:
 - According to Bureau of Labor Statistics data reviewed by [The Washington Post](#): “The tax bill, which Trump promised would serve as ‘rocket fuel’ for the economy, hasn’t led to

any liftoff whatsoever in real average hourly earnings. Since December, the number hasn't gone up; year over year, it hasn't gone up."

- The government reported last week that **in the last year average hourly wages for four out of five workers in the private sector have gone down after inflation.** [[The Washington Post](#)]
- In a [national survey of companies](#) by the Federal Reserve Bank of Atlanta, 75% of the respondents said the tax cut law made "no material change" to their capital investment plans in 2018 and 73% said the same thing for 2019.
- Although the tax cut law was supposed to dissuade U.S. companies from moving profits offshore to tax havens and outsourcing jobs, that is not the case.
 - The Congressional Budget Office (CBO) estimates that [\\$300 billion in U.S. profits](#) are shifted offshore every year; that will drop by just 20%, or \$65 billion, due to the TCJA (p. 127).
 - As [Reuters reports](#), U.S. corporations will pay a tax rate on those foreign profits that is at most one-half the U.S. tax rate, and it could be much lower. Moreover, the tax law changes give corporations even more incentives than before to outsource jobs.

THE HIGH COST OF THE TAX CUTS

- The **cost of the Trump-GOP tax cuts has ballooned from \$1.5 trillion \$1.9 trillion**, due to the cost of interest on the increased national debt. [CBO]
- **By greatly increasing the national debt, the Trump-GOP tax cuts give conservatives an excuse to demand deep cuts to Medicare, Medicaid, Social Security disability, education, nutrition programs and more to pay for them.**
- **Trump essentially proposed to pay for this increase in the debt by cutting \$1.7 trillion in his budget** from Medicaid, Medicare, Social Security disability programs, SNAP and other vital public services. Trump's damaging budget cuts would essentially help pay for the tax cuts that mostly benefit the wealthy and corporations.

PROTECTING HEALTH CARE

- **The Trump-GOP tax plan repeals a key part of Affordable Care Act (ACA) to pay for tax cuts that mostly benefit the wealthy and corporations. This is greatly increasing health care premiums and will leave many millions of people without health care coverage.**
- The tax law repeals the requirement for healthy individuals to buy health coverage if they can afford it (the individual mandate). That [saves \\$314 billion](#)—money being used to partially pay for tax cuts mostly benefitting the wealthy. [Joint Committee on Taxation]
- By repealing this critical part of the Affordable Care Act, the tax law will cause:
 - 13 million Americans to lose health care coverage by 2025 [[CBO](#)]
 - ACA insurance premiums to spike by 10%, on average, *most years for the next decade*
- State ACA data is in these reports [HERE](#).

SHARING THE WEALTH

- **Special interests like drug companies, health insurers and Wall Street banks are getting huge tax breaks, but they are not sharing the wealth by increasing worker pay or lowering consumer costs.**

- The **ten biggest U.S. drug companies** could save **\$75 billion in taxes** on the profits that they have spent years stashing offshore to avoid taxes. Only two of these drug companies have announced they will share any of the tax cuts with workers. No drug company has said it will cut sky-high drug prices to help patients. [ATF]
- The nation's **six biggest Wall Street banks** will **save a total of \$14 billion in taxes** this year from the Trump-GOP tax cuts. That's the cost of a pay raise of more than \$4,000 a year to the nation's **3.2 million teachers**. [ATF]
- The Koch brothers and their conglomerate, Koch Industries, are estimated to be getting a tax cut of between **\$1 billion and \$1.4 billion** each year. [ATF]
- More than **7,000 lobbyists** helped pass the tax cuts last year—over 60% of all registered lobbyists. [Public Citizen]

LEARNING FROM MISTAKES

- **President Trump and House GOP leaders are planning a Round 2 of tax cuts later this year that will give even more to the wealthy and force even deeper cuts to health care, education and other critical services.**
- Round 2 could end up **costing close to \$800 billion** over the next decade and much more over the long-term. The Institute on Taxation and Economic Policy (ITEP) **has determined** that 43% of the tax benefits of extending TCJA provisions that expire in 2025 would go to the wealthiest 5% (incomes above \$290,000). The bottom 60% (incomes below \$81,000) would get only 19% of the tax benefits.
- America cannot afford the first round of the Trump-GOP tax cuts that mostly benefit the rich and corporations. And we sure can't afford a Round 2 that puts the interests of the wealthy over everyone else.
- A recent letter to Congress **signed by 130 national groups** urged lawmakers to oppose any more tax cuts benefitting the wealthy and big corporations so we have the revenue needed to protect Social Security, Medicare and Medicaid, and to invest in our families and communities—by strengthening public education, rebuilding infrastructure, making healthcare more affordable, and providing a secure retirement with dignity.