TRUMP CONSIDERING ANOTHER BIG TAX CUT, AGAIN CLAIMING IT’S FOR THE MIDDLE CLASS

2017 “Middle Class Tax Cut” Largely Benefited the Wealthy, Exploded the Deficit

WASHINGTON, D.C. – Reports that President Donald Trump is considering an election-year “middle class tax cut” has echoes of the 2017 Tax Cuts and Jobs Act, which the Administration billed as a “middle class tax cut” but mostly benefited the wealthy and big corporations.

In selling the gigantic $1.9 trillion tax cut in 2017, Gary Cohen, then White House economic advisor, said, “Our tax plan is purely aimed at middle-class families. Everything we’ve done in this tax plan is to solve for the middle-class. Wealthy Americans are not getting a tax cut.”

Then House Speaker Paul Ryan chimed in saying, “This is one reason why tax reform is the single biggest thing we can do to help middle-income families and workers. The focus on this plan is on hard-working American families.”

And today, Trump defended the 2017 tax cut saying it had provided “massive relief” for middle class families.

But the tax law that was passed ultimately gave most of the benefits to the wealthy and corporations, and did little for the working families.

“Here we go again,” said Frank Clemente, executive director of Americans for Tax Fairness. “What’s the line, fool me once...? A vague, election-year promise of a huge tax cut for the middle-class should be viewed very skeptically, and the impact of such a cut will only increase the deficit even more and give Republicans a further excuse to cut essential services for working families. I think most families will find it’s not worth getting a few more bucks from a Trump tax cut if it means slashing their Medicare benefits, financial aid for college or food assistance due to a low-wage job.”

Details are unclear, but The Washington Post reports that the Trump Administration is considering a proposal to lower marginal tax rates of 22% and 24% to 15% for those who earn between $30,000 and $100,000. Depending on how it is structured, it could cost around $1 trillion, on top of the $1.9 trillion from the previous tax cut. Such a proposal would also give a big tax cut to the wealthy again since the rich also pay marginal taxes on the lower rates.

According to a tax simulation model at PSL Models, dropping the 22% and 24% marginal rates to 15% would give a $110 tax cut on average to someone with income between $50,000 and $75,000 and a $11,000 tax cut on average to someone making $500,000 to $1,000,000.
“Raising the idea of a new ‘middle-class tax cut’ is an admission by the President that his first tax cut was a scam,” said Clemente. “It wasn’t aimed at the middle class but aimed at his wealthy friends and big corporations. Why should we expect anything different now?”