AMERICANS FOR TaxFairness

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HOUSE COMMITTEE VOTES TO DOUBLE DOWN ON FAILED TRUMP-GOP TAX CUTS FOR THE WEALTHY

New Tax Cut Proposal is More of The Same:
Favors the Wealthy, Deepens the Deficit, Threatens Medicare/Social Security

WASHINGTON, D.C. – The House Ways and Means Committee voted Thursday along party lines to double down on the failed first round of Trump-GOP tax cuts and approve a bill that provides even more tax cuts that mostly benefit the wealthy and big corporations.

"Despite the unpopularity of the first round of tax cuts and the total lack of evidence that they have improved or strengthened the economy, Republicans in Congress are determined to make a bad situation even worse," said Frank Clemente, executive director of Americans for Tax Fairness. "What they are doing makes no fiscal sense and even less political sense. It's clear that their real motive is to appeal to their wealthy donors who are using their tax cut windfall to fuel their campaigns for reelection."

After hours of debate, the House Ways and Means Committee voted 21-15 to send the bill to the full House for a vote later this month. The committee turned down several amendments by Democrats to make the tax cuts more equitable, to give relief for working families struggling with high health care costs, and to make President Trump's tax returns public.

"As many Democrats pointed out, what the Republicans have done is provide more big tax cuts so wealthy individuals can buy new yachts and corporate jets while working families are still waiting for the $4,000 pay raise Trump promised," Clemente said.

The new tax bill will cost $3 trillion over 10 years—more than the first round of tax cuts, which cost $2 trillion. To cover the growing deficit these new tax breaks will create, Trump and Republicans will demand even deeper cuts to Medicare, Medicaid, Social Security and education, Clemente said.

The new bill would make permanent individual provisions of the first round of tax cuts that expire in 2025. Details of the bill can be found HERE.

On its website, Americans for Tax Fairness presents data showing that the first round of tax cuts has failed to fulfil the promises made by its proponents to raise wages—especially for working families—and increase investments. In fact, just 4.4% of workers are getting any one-time bonuses or wage increases as a result of the Trump-GOP tax cuts. Real (inflation adjusted) wages decreased by 0.2% for all employees from July 2017 to July 2018, and few if any have received the $4,000 pay increase promised by President Trump, contrary to the "trickle down" effect that proponents claimed would happen.

Meanwhile, corporations are mostly using their tax cuts for stock buybacks, which are expected to reach $1 trillion this year alone and largely benefit wealthy shareholders and CEOs. Since the tax law passed, corporations have announced 100 times more in stock buybacks than they are giving in worker bonuses or raises connected to the tax cuts—$712 billion in buybacks vs. $7 billion in wage hikes. In addition, corporate profits surged 8.2% in the first quarter of this year after passage of the tax cuts while tax revenue to the U.S. Treasury has fallen by 44% from a year ago due to the tax cuts.

"Like last year's tax cuts, these new ones will do nothing to raise workers' wages, create good-paying jobs and reduce economic inequality," he said. "Instead, they will further rig the economy against working families and in favor of the wealthy, campaign donors and big corporations."

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