

Amy Hanauer: Senator Johnson should not celebrate the Tax Cuts and Jobs Act

Posted on Tuesday, Apr 19, 2022

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I spent a decade of my life in Wisconsin. It's where I met and married my husband and had my first child. The state helped start my son off right: I swam in icy Lake Superior while he was in utero, got great care with a dicey delivery at Milwaukee's Sinai Samaritan hospital, and was reassured by an early home visit from a nurse, designed to encourage breast-feeding and help first-time parents adjust to their new babies.

I also launched my career in Wisconsin, landing a job with health insurance for the first time, finishing my education, and eventually taking a research position in an organization that helped connect women to union jobs in the state. When my husband's work later took us to Cleveland, I launched a pro-worker policy institute, modeled after the one I'd worked for in Wisconsin.

The Wisconsin Idea - the notion that research should inform policy and policy should help all people - holds at its root that the wealthiest should pay a higher rate of taxes than less affluent people. It led to Wisconsin becoming the first state to adopt a progressive income tax under Republican leadership in 1911. The Institute on Taxation and Economic Policy, the organization I now run, is best known for research documenting corporate tax avoidance and exploring who pays taxes by income. Our work is one among many ways that people all over the country keep the Wisconsin Idea alive.

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So, I'm disappointed to hear Sen. Ron Johnson (R-WI) continue to support Trump-era tax policies that hurt Wisconsin and reduce the services that help Wisconsin communities. The people I knew in Wisconsin would not get much from the tax breaks he promoted, and they lose a lot collectively.

Sen. Johnson did not initially support the enormous tax cuts President Trump and the Republican Congress pushed through in 2017. But he became a backer after he advocated to include a larger tax break for pass-through businesses that don't pay corporate income tax but instead are taxed only on the personal income of their owners. Two donors who contributed more than \$20 million to Johnson's 2016 campaign together got more than \$79 million in 2018 from the change Johnson secured, as [many publications reported](#) after Pro Publica broke the story.

Sen. Johnson takes credit for getting a bigger pass-through tax break, but it's not something to brag about: his proposal amounted to a teeny difference for 95 percent of Americans. The pass-through deduction that Johnson helped negotiate delivered an average of just \$20 to middle-income families, while it was a boon of \$25,700 to the [wealthiest one percent](#).

That's just part of the reason that the Trump tax changes don't help regular Wisconsin families. The windfall beneficiaries are the richest 5 percent of American households who got more than half of all the tax cuts in the bill.

The law slashed the tax rate on corporate profits from 35 percent to 21 percent, without closing nearly enough loopholes to offset the costs. In the first three years that the law was in effect, 39 consistently profitable corporations paid no federal income taxes while another 73 paid less than half of the official rate of 21 percent. Corporate tax cuts like these mostly help the wealthiest Americans who own a lot of corporate stock, and foreign investors, who collectively reaped more financially from the plan than all middle and low-income American families combined.

The top one percent in Wisconsin, who made an average \$1.46 million in 2020, averaged nearly [\\$40,000 in tax breaks](#) because of the Trump tax cuts that year (less than the nearly \$50,000 that households in the top 1 percent nationally got). But middle-income households saw a tax cut of less than \$1,000 - which is more than erased if the public services and benefits you depend on decline in value or in quality.

The plan didn't help with racial equity either. A full 79 percent of the tax cuts in the

act went to white households – mostly to the wealthiest white households – while Black and Hispanic households got just 5 and 7 percent of the cuts.

By cutting taxes so much for the wealthiest, the tax cuts that Sen. Johnson supported increased inequality. They rewarded the uber-wealthy the most and reduced the resources we have as a nation to address the health, education and climate crises that deeply threaten our well-being.

In all, the tax cuts cost \$2 trillion over a decade, leaving us as a nation less able to provide the health care, infrastructure and energy transition that Wisconsin communities need and that could generate jobs from Green Bay to Waukesha in the state's manufacturing sector.

I'm glad I started my family and career in Wisconsin. I still come back to see lifelong friends and make them join me strolling Milwaukee's shoreline, swimming in Lake Mendota, or kayaking in the Kickapoo. And I will always fight for the Wisconsin Idea to shape the economy that families and communities need, even when Wisconsin's senior senator wants to undermine it.

– Amy Hanauer is the executive director of the Institute on Taxation and Economic Policy, a non-profit, non-partisan tax policy organization that conducts rigorous analyses of tax and economic proposals and provides data-driven recommendations on how to shape equitable and sustainable tax systems.