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Trump Tax Plan Primarily Benefits the Richest Americans

Trump's Tax Proposals Would Give Richest Wisconsin Taxpayers an Average \$117,000 Tax Cut, while Three-fifths of Wisconsinites Would Get an Average of \$500

The federal tax reform plan based on President Trump's April outline would fail to deliver on its promise of largely helping middle-class taxpayers, according to a [new analysis from the Institute on Taxation and Economic Policy](#) (ITEP). The report issued today concludes that the President's proposals would shower 61.4 percent of the total tax cut on the richest 1 percent of Americans.

The 50-state analysis examines the overall effect of the Trump tax plan on federal revenue, as well as its impact on taxpayers in each of the 50 states. In sum, the plan would slash federal revenue by \$4.8 trillion over the next decade.

"The proposed tax cuts that primarily benefit the very wealthy would come with a heavy cost for vital program and services," said Jon Peacock, director of the Wisconsin Budget Project. "Reducing investments in education, health care, food assistance, and other critical programs is too steep a price to pay for giving the very rich a tax cut that exceeds twice the income of the typical Wisconsin worker."

In Wisconsin, the top 1 percent of the state's residents would receive an average tax cut of \$117,100, compared with an average tax cut of \$500 for the bottom 60 percent of taxpayers in the state. The ITEP analysis concludes that the richest 1 percent of Wisconsin taxpayers would receive slightly more than half of the proposed tax cut, compared to 12.9 percent for the bottom three-fifths of state taxpayers.

Peacock said the large tax cuts for the richest Americans would also amount to a much larger portion of their income than the tax cuts for middle and low-income taxpayers. "In Wisconsin, for example, the average tax cut for the wealthiest 1 percent would be 6.6 percent of their income, compared to just 1.6 percent for middle-income Wisconsinites and less than 1 percent for the poorest fifth of Wisconsin taxpayers."

Once Congress passes or sets aside the proposals to repeal the Affordable Care Act, tax legislation is expected to be a focal point of federal lawmakers' efforts. The President's tax plan would repeal the estate tax, the 3.8 percent tax on investment income for the very wealthy, and the Alternative Minimum Tax.

Trump's proposals also include: reducing the corporate income tax rate from 35 percent to 15 percent; replacing current income tax brackets with three brackets of 10 percent, 25 percent, and 35 percent; repealing personal exemptions and doubling the standard deduction; creating a

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new deduction and tax credit for child care; and eliminating all other itemized deductions except those for charitable giving and home mortgage interest.

For a more detailed breakdown of how the tax plan would affect Wisconsin taxpayers, go to:

<http://itcp.org/trumptaxprelim/>

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