



**WISCONSIN
BUDGET
PROJECT**

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Most Wisconsin Taxpayers Would Fare Better Under Obama Tax Cut Proposal than Under Republican Plan

Wealthiest 1% Stand to Gain Most Under Republican Proposal

With the tax cuts enacted during the Bush presidency scheduled to expire at the end of 2010, competing proposals on what to do about it would have very different consequences for Wisconsin residents. According to an analysis by Citizens for Tax Justice (CTJ), a public interest research and advocacy organization focusing on federal, state and local tax policies, most Wisconsin taxpayers would fare considerably better under President Obama's proposal than under the proposal being offered by Republican leaders in Congress.

According to CTJ, the bottom 60% of Wisconsin taxpayers would pay **\$87 more** on average in 2011 under the Republican plan than they would under the Obama proposal. The wealthiest 1% of Wisconsin taxpayers would pay an average of **\$39,327 less** in 2011 under the Republican proposal than they would under the Obama plan, and would receive nearly one-third of the total tax cuts received by Wisconsin residents that year.

President Obama has proposed making the Bush income tax cuts permanent for all but the wealthiest 2% of taxpayers. He also favors making permanent some expansions of tax breaks that help low- and moderate-income working families, specifically the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC). Those expansions were part of the American Recovery and Reinvestment Act (ARRA), the economic stimulus package signed into law in 2009.

In contrast, Republican leaders propose making all of the Bush tax cuts permanent, including the tax cuts for the very wealthiest taxpayers, while allowing the CTC and EITC expansions, which benefit working families, to expire. Among the Bush tax cuts the Republicans would make permanent is the repeal of the Estate Tax. The Obama proposal would bring back the estate tax, but in a form that would affect fewer than one half of 1% of estates and would collect only half as much revenue as before the repeal.

“Our goal should be to ensure that there is adequate revenue to sustain Wisconsin's infrastructure and excellent quality of life while making the tax system *more* fair,” said Jon Peacock, director of the Wisconsin Budget Project. “The Republican proposal would skew our tax system in a way that hurts lower-income working families and increases the federal deficit.”

More detail on CTJ's analysis and the various proposals for handling the expiring tax cuts is available on their website at http://ctj.org/ctjreports/2010/04/republican_approach_to_extending_the_bush_tax_cuts_would_result_in_huge_break_for_richest_1_and_high.php.

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