

# ***News from the Fiscal Policy Institute***

www.fiscalpolicy.org

Contact: Trudi Renwick or Frank Mauro, 518-786-3156

## **99 Percent of New Yorkers Lose Under Bush “Tax and Borrow” Fiscal Policies**

A new report by Citizens for Tax Justice (CTJ) finds that the fiscal policies of the Bush administration have saddled most New Yorkers with an increased debt burden that far exceeds the value of the tax cuts they have received since 2001.

According to the CTJ study, only the wealthiest 1 percent of New Yorkers is better off as a result of the Bush fiscal policies. For this lucky group, the total six-year (2001 through 2006) tax cut averages \$140,244 per family member. This far outweighs the increased debt burden of \$82,888 for each of these New Yorkers.

The bottom line is much different for middle-income New Yorkers. For New Yorkers in the middle 20 percent of the state’s income distribution, the six-year cumulative tax cut averages \$1,904 per family member while the increased debt burden is \$9,192 per family member.

"On average, the 99 percent of New Yorkers who lose under the President’s policies have been saddled with \$3.68 dollars of new debt for every dollar they have gotten in tax cuts," said Frank Mauro, Executive Director of the Fiscal Policy Institute.

"The Bush tax plan treats working families worse than a loan shark."

"This report shows what most of us already knew: that there's no such thing as a free lunch. Low- and middle-income New Yorkers are paying for the huge tax cuts going to the wealthiest 1 percent of Americans," said CTJ Director Robert S. McIntyre.

**An electronic copy of the attached New York State fact sheet along with similar fact sheets for each of the other 49 states and the District of Columbia are available at: <http://www.ctj.org/debt.htm>. Similar data for the nation as a whole is available at: <http://www.ctj.org/pdf/debtus.pdf>.**



## 99% of New Yorkers Are Net Losers Under Bush Tax and Spending Policies

Last month, President George W. Bush signed into law another round of tax cuts. The latest cuts provide temporary capital gains and dividends tax cuts and AMT relief. But these tax cuts are being paid for entirely with borrowed money. The mounting national debt resulting from this borrowing binge will ultimately come out of taxpayers' pockets, either through spending cuts or future tax hikes.

A new Citizens for Tax Justice analysis takes a close look at how the Bush administration's fiscal policies through 2006 affect New Yorkers. It compares the tax cuts — generally small for most families — to the gigantic debt burden imposed by these unfunded tax cuts. The analysis shows that for all but the very wealthiest New York residents, the Bush tax cuts between 2001 and 2006 are outweighed by a dramatic increase in the burden of debt on New York families. In particular:

- From 2001 to 2006, the average middle-income New Yorker has received a tax cut totaling \$1,904 per family member. But that family's share of the added national debt burden is \$9,192 per person.

Average Tax Break	\$ -1,904
Average Added Debt	+9,192
Per Person Net Debt	\$ 7,288

- This means that the net impact of the Bush fiscal policies on the middle 20 percent is an added burden of \$7,288 per New Yorker—or \$29,153 for a family of four.

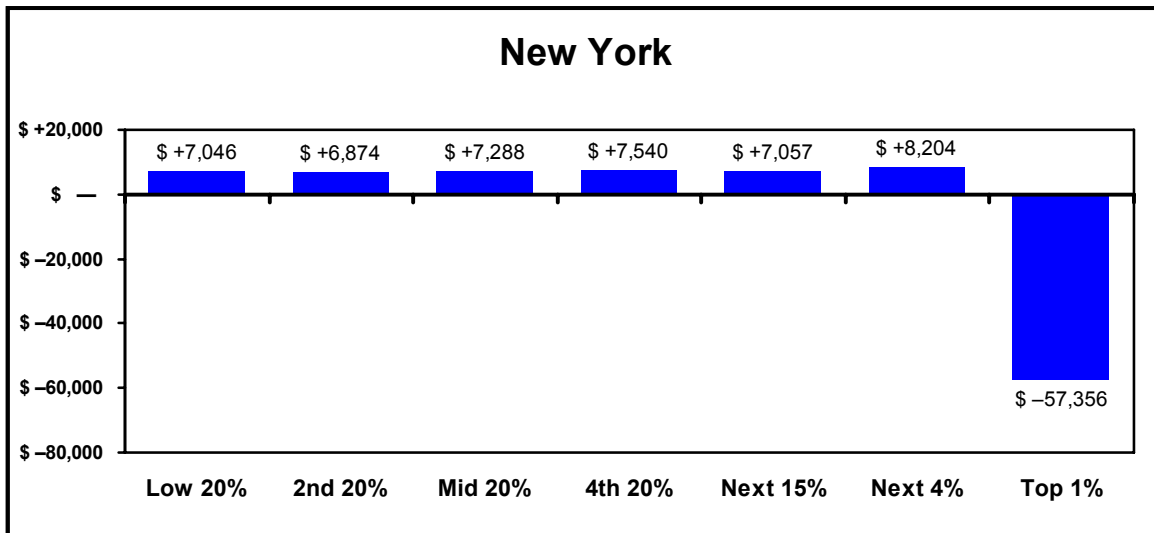
### New York's Wealthiest Residents Benefit Most From Bush Borrow-and-Spend Policies

The benefits and burdens of the Bush fiscal policies will not be felt equally by all. Because the benefits of the Bush tax cuts in New York have gone primarily to the wealthiest one percent of New Yorkers, this small group still comes out ahead even after the added debt burden is factored in. But the other 99 percent of New York families are net losers from the Bush administration's fiscal policies—leaving this group to pick up the tab for a redistribution of income towards the wealthiest few.

MORE . . .

- For the wealthiest one percent of New York residents, who have an average income of \$1,997,900, the tax breaks outweigh the added debt burden accumulated from 2001 through 2006 by an average of \$57,356 per family member. They have received an average tax break of \$140,244 per family member, which exceeds their added debt burden of \$82,888 per person by \$57,356.
- In contrast, the added debt burden accumulated from 2001 through 2006 outweighs the tax breaks for the other 99 percent of New York residents by an average of \$7,291 per person. They have received a tax break of \$2,722, but their added debt burden is \$10,013 per person.
- Put another way, if you're among the 99 percent of New Yorkers who lose, then for every \$1.00 in tax cuts the federal government has given you over the past six years, you're going to get a bill for \$3.68.

### Net Added Burden Under Bush Policies 2001-2006



### Average Tax Cuts, Share of Tax Cuts, Added Debt and Net Added Debt by Income Group in New York 2001-2006

Income Group & Average Income	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
	\$10,200	\$23,700	\$40,300	\$65,900	\$117,800	\$270,200	\$1,997,900
Average Tax Cut	\$-229	\$-1,296	\$-1,904	\$-2,729	\$-5,066	\$-9,528	\$-140,244
Average Added Debt	+7,275	+8,171	+9,192	+10,268	+12,123	+17,732	+82,888
Average Net Added Debt	\$7,046	\$6,874	\$7,288	\$7,540	\$7,057	\$8,204	\$-57,356