

NEWS RELEASE

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**99% of Connecticut Residents Lose
Under Bush Tax Policy**

New analysis finds only very wealthiest residents benefit

A new report by Citizens for Tax Justice finds that the "borrow-and-spend" fiscal policies of the Bush administration have saddled nearly all Connecticut residents with a debt burden that far exceeds the value of the tax cuts they've received since 2001. Only the wealthiest one percent of Connecticut residents come out ahead when comparing the impact of tax cuts and increased debt.

The report includes new estimates of how the Bush tax cuts have affected Connecticut residents at different income levels between 2001 and 2006. The report also shows that because the Bush administration's tax cuts are paid for with borrowed money—which ultimately must be paid by taxpayers through tax hikes or spending cuts—the bottom line for middle-income Connecticut residents is a net loss.

Net Burden of Bush Fiscal Policies by Income Group in Connecticut, 2001-2006, per family member		
Income Group & Average Income	Middle 20%	Top 1%
Average Tax Break	-\$2,463	\$ -168,016
Average Added Debt	+10,311	+103,782
Per Person Net Cost	\$7,848	\$ -64,234

As seen in the table above, a middle-income family enjoyed a six-year cumulative tax cut averaging \$2,463 per family member (about \$400 per year), but this cut is funded by borrowing that *cost* the same middle-income person \$10,311 (about \$1,700 per year). The result is a net cost of \$7,848 per person over six months.

By comparison, only the wealthiest one percent of Connecticut residents are better off as a result of the Bush fiscal policies, when both the direct tax cuts and indirect debt increases are accounted for side by side. For this group, whose average income exceeds \$2.6 million, a total six-year tax cut averaging \$168,016 per person outweighs a debt burden of \$103,782.

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The other 99 percent of Connecticut residents receive a total six-year tax break averaging \$3,574 per person but also face an added debt burden of \$11,040. Another way to look at it is that for every dollar of tax cuts, each of these Connecticut residents took on a debt burden of over three dollars.

“This report helps draw attention to the out-of-control borrowing that has been taking place under the Bush administration,” said Ellen Scalettar, Senior Policy Fellow at Connecticut Voices for Children. “Our country has borrowed more money under President Bush than under all other U.S. Presidents combined. To make matters worse, we are saddling our children and grandchildren with huge debt to pay for tax cuts for the very wealthiest Americans.”

“Federal tax cuts have led to soaring borrowing as well as cuts in federal grants to Connecticut. Already the state is feeling the impact of these cuts,” said Cheri Quickmire, Coordinator of *One Connecticut*. “This year’s budget required new state funding to make up for declining federal revenues. That’s only likely to accelerate, and our risk is great, since a quarter of our state budget comes from federal grants and reimbursements.”

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

To view the full report online, visit: <http://www.ctj.org/debt.htm>

Connecticut Voices for Children is a research-based policy and advocacy organization for children and families (www.ctkidslink.org). *One Connecticut* is a statewide coalition of over 100 human service, labor, interfaith and advocacy organizations that collaborate to fight poverty and build economic security (www.onect.org). Citizens for Tax Justice is a national public interest research and advocacy organization focusing on federal, state and local tax policies and their impact upon our nation (www.ctj.org).

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99% of Connecticuturs 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 Connecticuturs. 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 Connecticut residents, the Bush tax cuts between 2001 and 2006 are outweighed by a dramatic increase in the burden of debt on Connecticut families. In particular:

- From 2001 to 2006, the average middle-income Connecticutur has received a tax cut totaling \$2,463 per family member. But that family's share of the added national debt burden is \$10,311 per person.

Net Burden of Bush Fiscal Policies on Middle 20% of CT Residents 2001-2006	
Average Tax Break	\$ -2,463
Average Added Debt	+10,311
Per Person Net Cost	\$ 7,848

- This means that the net impact of the Bush fiscal policies on the middle 20 percent is an added burden of \$7,848 per Connecticutur—or \$31,393 for a family of four.

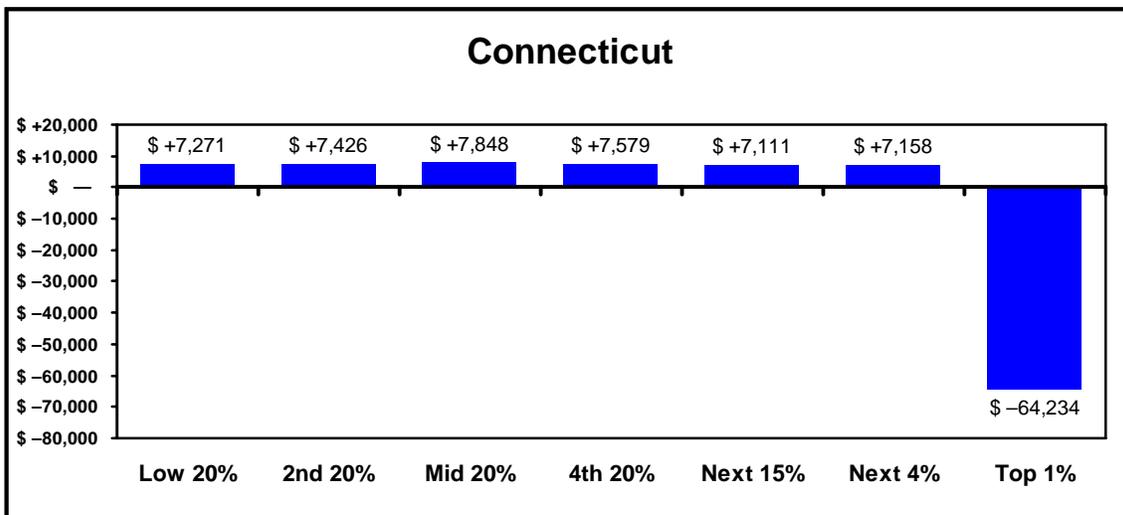
Connecticut's Wealthiest Residents Benefit Most From Bush Borrow-and-Spend Policies

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 Connecticut have gone primarily to the wealthiest one percent of Connecticuturs, this small group still comes out ahead even after the added debt burden is factored in. But the other 99 percent of Connecticut 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.

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- For the wealthiest one percent of Connecticut residents, who have an average income of \$2,685,800, the tax breaks outweigh the added debt burden accumulated from 2001 through 2006 by an average of \$64,234 per family member. They have received an average tax break of \$168,016 per family member, which exceeds their added debt burden of \$103,782 per person by \$64,234.
- In contrast, the added debt burden accumulated from 2001 through 2006 outweighs the tax breaks for the other 99 percent of Connecticut residents by an average of \$7,466 per person. They have received a tax break of \$3,574, but their added debt burden is \$11,040 per person.
- Put another way, if you're among the 99 percent of Connecticut residents 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 \$3.09.

Net Added Burden Under Bush Policies 2001-2006



Average Tax Cuts, Added Debt and Net Cost or Benefit (-) by Income Group in Connecticut 2001-2006, per family member

Income Group & Average Income	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
	\$14,300	\$31,100	\$52,100	\$81,400	\$145,900	\$321,800	\$2,685,800
Average Tax Cut	\$-481	\$-1,584	\$-2,463	\$-3,493	\$-6,404	\$-12,589	\$-168,016
Average Added Debt	+7,752	+9,010	+10,311	+11,073	+13,515	+19,747	+103,782
Average Net Cost or Gain (-)	\$7,271	\$7,426	\$7,848	\$7,579	\$7,111	\$7,158	-\$64,234