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PRESS RELEASE

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Federal Tax Plan: An Upside-Down Approach that Will Exacerbate Wealth Inequality and Harm Our State

NEW HAVEN - A [50-state analysis of the House tax plan](#) offers new data quantifying the impact proposed federal tax changes would have in Connecticut. The report finds that the Republican proposal would be an expensive giveaway to wealthy households, with the richest 1 percent benefiting the most from the outset. Over the course of the next decade, that outsized share would grow, leaving behind low- and middle-income families whose smaller share would decline.

A close examination of the budget plan reveals that the top 1 percent of Connecticut taxpayers would receive a 31 percent share of the total tax cut in its first year. This share would increase to 50 percent by 2027 due to phase-ins of preferential tax cuts and the eventual elimination or erosion of provisions that benefit low- and middle-income taxpayers. For example, after five years, the bill would eliminate a \$300 non-child dependent credit for low- and middle-income families while fully repealing the estate tax for multimillionaire heirs in year six.

According to [ITEP's report](#), the average tax cut for Connecticut taxpayers in the top 1 percent would be \$53,480 in 2018, rising to \$66,020 by 2027. In contrast, middle-income taxpayers would receive a constant nine percent of the overall tax cut, averaging \$780 in 2018 and \$580 by 2027.

“The upside-down benefit of the tax proposal is exacerbated by its likely impact on services at both the federal and state level,” says Ellen Shemitz, Executive Director at Connecticut Voices for Children. “Proponents of the plan have already indicated that they will try to offset its staggering \$1.5 trillion deficit by cutting everything from nutrition assistance to education and health care. Such cuts will shift costs to the states, putting pressure on Connecticut’s already-strained budget at the same time as the loss of the state income tax deduction will increase residents’ overall tax burden.”

Following are some highlights on how the plan affects Connecticut:

- Changes in tax provisions in the plan would mean that 11 percent of taxpayers would see a tax increase in 2018, growing to 24% in 2027.

Impacts of the House Tax Plan in 2018 in Connecticut

Income Group	Income			All Taxpayers				Taxpayers w/ Tax Cut		Taxpayers w/ Tax Hike	
	Income Range	Average Income	Tot. Change (\$1000s)	Avg. Tax Change \$	Change as a % of Pre-Tax Income	Share of Tax Change	Share w/ Tax Cut	Avg. Cut \$	Share w/ Tax Hike	Avg. Hike \$	
Poorest 20%	Less than	\$24,230	\$14,700	-\$37,700	-\$110	-0.7%	1%	44%	\$ -250	0%	\$ —
Second 20%	\$24,230 to	\$48,040	\$36,300	-\$136,900	-\$410	-1.1%	5%	83%	\$ -500	1%	\$+840
Middle 20%	\$48,040 to	\$81,370	\$63,200	-\$282,400	-\$780	-1.2%	9%	85%	\$ -1,140	14%	\$+1,350
Fourth 20%	\$81,370 to	\$139,450	\$105,500	-\$451,600	-\$1,290	-1.2%	15%	78%	\$ -2,050	21%	\$+1,470
Next 15%	\$139,450 to	\$347,140	\$201,800	-\$584,700	-\$2,230	-1.1%	19%	79%	\$ -3,410	21%	\$+2,190
Next 4%	\$347,140 to	\$996,800	\$521,400	-\$612,600	-\$8,780	-1.7%	20%	85%	\$ -10,910	14%	\$+3,220
Richest 1%	\$996,800 and higher		\$3,536,500	-\$934,300	-\$53,480	-1.5%	31%	71%	\$ -81,600	28%	\$+17,050
ALL			\$128,700	\$ -3,040,300	\$ -1,720	-1.3%		73%	\$ -2,670	11%	\$+2,110
Bottom 60%	Less than	\$81,370	\$38,400	-\$457,000	\$ -440	-1.1%	15%	71%	\$ -710	5%	\$+1,310

- By 2027, the bottom 60 percent of taxpayers would receive only 13 percent of the overall tax cuts in contrast to the 75% benefiting the top 20%.

Impacts of the House Tax Plan in 2027 in Connecticut

Income Group	Income			All Taxpayers				Taxpayers w/ Tax Cut		Taxpayers w/ Tax Hike	
	Income Range	Average Income	Tot. Change (\$1000s)	Avg. Tax Change \$	Change as a % of Pre-Tax Income	Share of Tax Change	Share w/ Tax Cut	Avg. Cut \$	Share w/ Tax Hike	Avg. Hike \$	
Poorest 20%	Less than	\$39,980	\$22,000	-\$36,700	-\$90	-0.4%	2%	71%	-\$130	1%	\$400
Second 20%	\$39,980 to	\$66,330	\$53,200	-\$48,900	-\$130	-0.2%	2%	68%	-\$440	26%	\$670
Middle 20%	\$66,330 to	\$113,940	\$89,000	-\$215,500	-\$580	-0.7%	9%	74%	-\$1,240	24%	\$1,400
Fourth 20%	\$113,940 to	\$196,920	\$146,700	-\$282,900	-\$800	-0.5%	12%	68%	-\$2,250	32%	\$2,280
Next 15%	\$196,920 to	\$470,660	\$280,900	-\$130,400	-\$520	-0.2%	6%	54%	-\$4,010	46%	\$3,530
Next 4%	\$470,660 to	\$1,319,990	\$702,100	-\$428,300	-\$6,440	-0.9%	19%	71%	-\$12,040	29%	\$7,490
Richest 1%	\$1,319,990 and higher		\$4,363,900	-\$1,154,700	-\$66,020	-1.5%	50%	54%	-\$144,460	46%	\$27,490
ALL			\$165,300	\$ -2,297,400	-\$1,230	-0.7%	100%	68%	-\$2,790	24%	\$2,740
Bottom 60%	Less than	\$113,940	\$54,000	-\$301,100	-\$260	-0.5%	13%	71%	-\$610	17%	\$1,010

About Connecticut Voices for Children: Connecticut Voices for Children is a research-based child advocacy organization working to ensure that all Connecticut children have an equitable opportunity to achieve their full potential. In furtherance of its mission, Connecticut Voices for Children produces high-quality research and analysis, promotes citizen education, advocates for policy change at the state and local level, and works to develop the next generation of leaders.