

Bush Tax Cuts: White House vs. Republican Proposals

Tax cuts that were signed into law by President George W. Bush will expire at the end of 2012. At the same time, improvements in the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC), which were enacted as part of the American Recovery and Reinvestment Act (2009), will also expire. Although a majority of working families benefit from all of these tax breaks, the Bush-era tax cuts disproportionately favor the wealthiest 2% of American households.

Congress has important decisions to make. Should it extend the Bush-era tax breaks? Should improvements to the EITC and the CTC also continue? Extending these tax breaks for low- and middle-income households is the right thing to do. However, extending tax cuts to the wealthiest 2% of Americans would be a mistake in light of our budget and deficit crises: It would cost the federal government \$1 trillion over the next 10 years.



White House Proposal

- Protects tax cuts for family incomes under \$250,000.
- Keeps improvements in the EITC and CTC that benefit families earning under \$50,000.
- Continues the American Opportunity Tax Credit to help families pay for the cost of college.

\$243 Billion

Cost of the White House proposal in 2013. That's \$68 billion *less* than the GOP plan.

97.9%

Percent of Michigan families earning under \$250,000 who benefit the most from this plan.

\$14,200

Average tax cut on income over \$250,000 in Michigan in 2013. Compare with GOP plan.

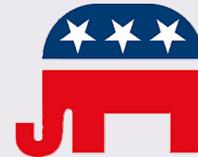
\$24,000

Average tax cut on income over \$500,000 in Michigan in 2013. Compare with GOP plan.



428,000

Number of Michigan families earning under \$50,000 who would benefit from an extension of the EITC and the CTC in 2013. The average per family benefit would be \$761.



Republican Proposal

- Keeps tax cuts for all incomes, but the wealthy benefit the most, compared with the White House plan.
- Reduces or eliminates improvements in the EITC and CTC.
- Eliminates the American Opportunity Tax Credit to help families pay for college.

\$311 Billion

Cost of the Republican proposal in 2013. That's \$68 million *more* than the White House plan.

2.1%

Percent of wealthy Michiganians who benefit the most from this plan.

\$31,500

Average tax cut on income over \$250,000 in Michigan in 2013. Compare with the White House plan.

\$96,000

Average tax cut on income over \$500,000 in Michigan in 2013. Compare with the White House plan.

195,200

Number of Michigan families whose EITC benefits would be reduced in 2013, after the 2009 improvements expire. Loss per family credit would be \$479.



The **2.1%** of Michigan families earning over \$250,000 who would benefit the most from additional tax cuts under the Republican plan have an average income of over \$611,000. The 97.9% of families whose annual household income is less than \$250,000 make \$55,000 on average.

Sources: Americans for Tax Fairness, [Time to Pay Their Fair Share](#)
Citizens for Tax Justice, [Proposals for Extending Bush Tax Cuts for Another Year Would Cost Upwards of \\$240 Billion & The Debate over Tax Cuts: It's Not Just About the Rich](#)
IRS, [American Opportunity Tax Credit](#)
White House, [Extending Middle Class Tax Cuts](#)