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CBPP STATEMENT

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Greenstein: House Republican Tax Proposal Repeats Flaws in 2017 Tax Law

CBPP released the following statement from Robert Greenstein, president, on House Republican leaders' release of their "2.0" tax proposal:

Today's tax proposal from House Republican leaders doubles down on the fundamental flaws of the 2017 tax law by further expanding deficits and once again favoring people with the highest incomes. The proposal calls for making permanent the 2017 law's individual tax provisions. Those provisions benefit households in the top 1 percent twice as much as households in the bottom 60 percent, measured as a share of income.

Making these provisions permanent would cost roughly \$650 billion over 2019 to 2028, according to the Joint Tax Committee. Large as it is, this estimate significantly understates the long-term cost because the bill largely affects only the final three years of the 2019-2028 "budget window." We estimate that the legislation would cost roughly *\$2.9 trillion* over 2026 to 2035, the first full decade it would be in effect.

The revenue loss would come at a time when the baby boom generation will be retiring in large numbers and moving into "old-old age," causing Medicare and Social Security costs to rise considerably. Indeed, 2026, the year in which most of the new GOP tax legislation would start having effect, is the first year in which *all* members of the baby boom generation — including the youngest — will be eligible to draw Social Security retirement benefits. It's also the year in which the oldest baby boomers will turn 80; people in their 80s have higher health care costs, on average, than younger seniors do. The nation will need *more* revenues to help meet these and other challenges, such as a decaying infrastructure, not *fewer* revenues.

Policymakers should fix the flaws of the 2017 tax law, not extend them and compound the damage.

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