

Republicans Want to Extend Tax Cuts That Benefit the Wealthy and Make Everyone Else Pay For It

All recent Republican budget plans create significant tax breaks for the ultrawealthy with offsets that harm everyone else. Extending the 2017 Republican tax cuts is expected to cost trillions of dollars over the next decade, [adding](#) \$4.6 trillion to the deficit. In particular, provisions that overwhelmingly benefit the wealthy like the deduction for “pass-through businesses” and the higher estate and gift tax exemptions would respectively [add](#) \$684 billion and \$167 billion to the deficit over 10 years. And these cuts are on top of the over \$1.3 trillion [tax cut](#) that Republicans gave to corporations over 10 years starting in 2017. To “pay for” these tax giveaways, Republicans continue to call for strict, across-the-board cuts that harm American families and seniors. At least one Republican plan would *completely eliminate* all funding for public goods like nutrition programs for kids, hospital care for veterans, public safety, and many other vital government functions.

Recent Republican budget plans would force drastic cuts to federal spending, hurting Americans across the country.

Republicans continue to push for handouts to the wealthiest Americans in the form of tax cuts. An [analysis](#) by the non-partisan Congressional Budget Office found that one recent [plan](#) “pays for” massive tax cuts and balancing the budget by forcing the federal government to eliminate all federal spending that does not go to Social Security, Medicare, defense, or certain benefits for veterans.

In just a few years, Republicans’ plan to spend trillions on tax cuts would force the federal government to spend:

- \$0 on air traffic controllers to keep travelers safe,
- \$0 for Department of Agriculture inspectors who make sure meat is safe to consume or to track infectious diseases like avian flu,
- \$0 for the Food and Drug Administration to make sure baby formula is safe for infants,
- \$0 to make sure kids get healthy meals at school,
- \$0 for support to state and local police forces,
- \$0 for federal law enforcement agencies like the Federal Bureau of Investigation, Drug Enforcement Agency, and Secret Service that help solve and prevent crime,
- \$0 for the Bureau of Land Management to issue permits and manage public lands,
- \$0 for Federal Emergency Management Agency grants that support local fire departments,
- \$0 for the Forest Service’s fire management program,
- \$0 for the Environmental Protection Agency, including Superfund site clean-up, and
- \$0 for the National Park Service to maintain the national parks system.

This is just a sample of what would get cut to \$0 under this extreme Republican budget plan.

- These cuts would force layoffs of essential federal employees like food safety inspectors, air traffic controllers, and customs and border patrol officers while completely defunding agencies like the Federal Bureau of Investigation, the National Aeronautics and Space Administration, and the National Park Service.
- Many important federal programs would be [cut](#) under this scenario, including Medicaid coverage for 48 million elderly, pregnant, disabled, and low-income adults; Medicaid and Children’s Health Insurance Program (CHIP) coverage for 42 million children; Affordable Care Act (ACA) coverage for 16 million Americans; Supplemental Nutrition Assistance Program (SNAP) benefits that help over 42 million people afford groceries; and the National School Lunch Program for 30 million children.

Republican budget plans from this year are no better and continue to rely on massive cuts to government services to cover the cost of their tax breaks for the wealthy.

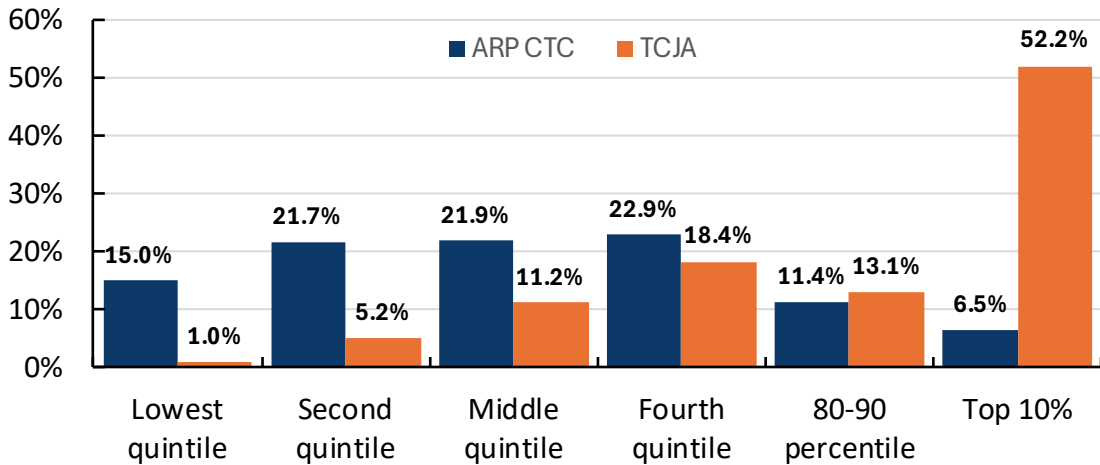
- A recent [budget](#) plan by a group representing the vast majority of House Republicans claims to balance the budget by [cutting](#) Medicare spending, [raising](#) the retirement age for Social Security, capping funding for Medicaid and CHIP, and [cutting](#) the rest of non-defense discretionary spending by 31% across-the-board.
 - This would drive up health costs for American families by increasing premiums for ACA health care plans and getting rid of protections for people with pre-existing conditions. It would also prohibit Medicare from negotiating down prescription drug costs.
- The budget [plan](#) passed by the House Budget Committee this year “pays for” its large tax cuts for the wealthy by both slashing key services and assuming that their tax giveaways lead to unrealistic levels of economic growth. Analyzing this budget with more reasonable economic assumptions instead shows that budget would likely require the government to eliminate most federal services within a decade.

Republican plans all rest on expanding and extending the Trump tax law, which mostly benefits the wealthiest people and corporations.

- While some provisions in the Trump tax law like lower income tax rates and a higher standard deduction benefitted working Americans, the benefits of the Republican tax law overwhelmingly went to the wealthiest Americans. In 2018, the first year the tax law was in effect, roughly 52% of the total benefits went to the [wealthiest](#) 10% of Americans. The permanent corporate rate cut was even more skewed toward the wealthy, with 80% of the benefits going to the [wealthiest](#) 10% of Americans.
- Republicans are focused on extending tax cuts that favor the wealthy, while Democrats are working to pass tax reforms like a permanent expansion of the Child Tax Credit that would benefit working Americans. The chart on the next page shows that the benefits of the Trump tax law were skewed to the wealthy, while the benefits of the 2021 expansion of the Child Tax Credit passed by Democrats were spread across different income levels.

Democrats' CTC Expansion Mostly Helped Middle-Class Families; The 2017 GOP Tax Law Mostly Helped the Very Rich

Share of total federal tax change (%)



Source: Tax Policy Center

Note: Analysis includes the Child Tax Credit in the 2021 American Rescue Plan and all provisions of the 2017 Tax Cuts and Jobs Act. Data show expanded cash income percentiles.



- Under the Trump tax law, the top 1% of households (those with incomes above about \$835,000) [will receive](#) an average tax cut of more than \$61,000 in 2025, compared to a less than \$500 reduction for those in the lower 60% of households (those with incomes below about \$90,000).
- The Republican tax law also provided a temporary [tax deduction](#) to certain types of “pass-through businesses.” In 2019, 81% of the benefits of this policy went to the [wealthiest](#) 10%.

Some parts of the Trump tax law expire in 2025. An extension of these expiring provisions would cost over \$4.6 trillion and largely benefit the wealthy.

- If the expiring income and estate tax provisions of the Republican tax law are extended, about 50% of the benefits will go to the [wealthiest](#) 10% of Americans.
- The top 1% of households (those with incomes above \$1 million) would [receive](#) an average tax cut of over \$48,000 in 2026, while the bottom 60% of households (those with incomes below \$110,000) would receive just \$500 on average.
- Extending the expiring provisions of the Tax Cuts and Jobs Act (TCJA) would [add](#) \$4.6 trillion to the deficit over the next decade, according to the Congressional Budget Office.
- Extending the TCJA is a giveaway to the wealthy with money that instead could be invested in workers and families through other important programs. For the same amount, Congress could permanently expand the Child Tax Credit (expected 10-year [cost](#) of \$1.4 trillion) and universal pre-K for three- and four-year olds (expected 10-year [cost](#) of \$350 billion).

billion), with money left over to invest in health care, cut pollution, stabilize Social Security's finances, or fund any number of other government priorities.

Republican budget plans make clear that their main priority is giving away tax breaks to the wealthiest Americans while cutting government supports that are vital for the rest of the country. In contrast, President Biden's budget [request](#) would reduce deficits by making the wealthy pay their fair share while investing in families, communities, the environment, public safety, and other vital priorities.