

**For Immediate Release**

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## **Oregonians Call On Congress to Let Bush-Era High-Income Tax Cuts Expire**

(Silverton) — With Congress having reconvened this week for its lame-duck session, a group of Oregonians today urged lawmakers to let the Bush-era tax cuts for those at the highest income levels expire, calling it the “responsible” course of action.

“Every dollar spent on tax cuts for the wealthy is a dollar not available to invest in our nation and its people,” said Janet Bauer, policy analyst with the Oregon Center for Public Policy. “For all lawmakers who profess concern about rising deficits, letting the tax cuts for the wealthy expire ought to be a no-brainer.”

Her organization is among those that led in the creation of Oregonians for Responsible Federal Taxes, a coalition of more than 50 organizations and individuals representing the faith, social service, business, farming and labor communities.

The coalition insists that Congress should allow the tax cuts enacted during the Bush Administration to remain in place for all taxpayers except those that benefit only the wealthiest top 2 percent of households, couples and individuals with income above \$250,000 and \$200,000, respectively. When Congress lowered income tax rates earlier this decade, it scheduled the cuts to expire at the end of 2010.

Even if the tax cuts affecting solely the highest-income households lapse, this wealthiest group would still reap bigger tax savings from the “middle-class” tax cuts than middle-class households, said Bauer. The reason, she explained, is that taxes are calculated in a stair-step fashion in which some of the income of higher income people is taxed at the lower rates that apply to the lower income brackets. That’s why people with high incomes will benefit from continuation of the middle-class tax rates.

While some in Congress claim that failure to continue tax cuts targeted just for the highest income households will negatively affect small businesses,

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Oregonians for Responsible Federal Taxes calls the argument “disingenuous.” Coalition representatives said that the expiration of the high-income tax cuts would not touch 97 percent of taxpayers with business income of any kind, let alone income from a small business.

“How many small businesses do you know in which the owner takes home \$250,000 after paying all expenses and reinvesting in the business? I surely don’t know any,” said Jim Houser, co-owner of Hawthorne Auto Clinic in Portland and board member of the Oregon Small Business Council.

“What small businesses need are policies that create economic demand, and that means strengthening the middle class and low-income families,” Houser said. “Tax cuts for the wealthy do not help create economic demand for small businesses.”

Earlier this year, a study by the non-partisan Congressional Budget Office concluded that of 11 different options for stimulating the economy, extending the Bush-era tax cuts for high-income earners was the least effective. The study said that higher-income households “would probably save a larger fraction of their increase in after-tax income,” rather than spend it to boost economic demand.

By contrast, the CBO ranked providing assistance to the unemployed as the most effective form of economic stimulus. Yet absent congressional action to extend unemployment insurance benefits, in December an estimated two million unemployed Americans, including thousands in Oregon, will be cut off, a circumstance that would harm the fragile economy. That number will grow in the months to come.

“It’s unconscionable that some in Congress are prepared to put a lump of coal in the holiday stockings of millions of unemployed Americans, while showering the wealthiest with a much costlier tax cut,” said Rex Hagans, a farmer in Clackamas County. “For the sake of the nation, we hope Congress acts responsibly by protecting the unemployed and ending the tax cuts for those who have gained the most from the economy in recent years.”

The Oregon Center for Public Policy is a non-partisan research institute that does in-depth research and analysis on budget, tax and economic issues. The Center’s goal is to improve decision making and generate more opportunities for all Oregonians.