

For Immediate Release
October 20, 2006

For More Information, Contact:
Janet Bauer, 503-873-1201
Chuck Sheketoff, 503-873-1201

New Study Finds Most Oregonians Pay For Federal Tax Cuts That Only Benefit the Rich

(Silverton) A new report finds that all but the wealthiest Oregonians will be worse off because of tax cuts enacted by Congress at the behest of the Bush Administration. The study, by the non-partisan Citizens for Tax Justice, analyzes the net impact on Oregonians at various income levels of deficit-financed tax reductions approved over the last six years.

“This report gives Oregonians compelling reason to insist on significant changes in our federal tax policy,” said Janet Bauer, policy analyst with the Oregon Center for Public Policy, a public policy research institute based in Silverton. “Since only extremely wealthy Oregonians will see a net gain from the tax cuts, most Oregonians should be concerned that they are helping to pay for tax cuts from which they ultimately do not benefit,” she added.

Since 2001, Congress has approved a host of Administration-sponsored tax cuts that include capital gains and dividends tax breaks, reductions in personal income tax rates, cuts in the federal estate tax, and expansion of the number and nature of corporate tax loopholes. These tax cuts have been primarily paid for with borrowed funds, increasing the national debt. The report, *The Bush Tax Cuts: Are Oregonians Better Off?*, quantifies the cost to taxpayers of repaying the borrowed funds.

The report finds that Oregonians at all income levels except the top one percent are expected to suffer an average net loss of about \$7,200 per person due to the fiscal policies in place between 2001 and 2006. Put another way, for 99 percent of Oregonians, the added debt they incur exceeds the tax cut benefits. This finding is based on an accounting of tax benefits accrued at various income levels from 2001 to 2006, minus a share of the debt that has accumulated over the period as a result of the tax cuts.

Only the wealthiest Oregonians, those with an average annual income of almost \$1 million, are winners. The Citizens for Tax Justice study finds that if just the net tax benefits over the last five years are considered, Oregonians in the top 1 percent income group – those with an average annual income of \$967,000 – will realize an average net benefit of \$20,000 per person.

The study also looked at the 10-year impact of the tax cuts. Over the decade of 2001-2010, a disproportionate share of the tax benefits – about 29 percent of the benefits – go to the wealthiest one percent of Oregonians, and they receive an average annual tax cut

New Study Finds Most Oregonians Pay For Federal Tax Cuts That Only Benefit the Rich

October 20, 2006

Page 2 of 2

of \$33,800. By contrast, the poorest 60 percent of Oregonians get only just 20 percent of the benefits of the tax cuts, with an average annual tax cut of only \$382.

“The tax cuts don’t pay for themselves, and all but the most fortunate among us are saddled with the bill at the end of the day,” said Bauer. “Fortunately, many of the tax cuts expire in 2010, so we have an opportunity to put an end to these fiscally irresponsible policies that burden Oregonians,” she added.

The ***Oregon Center for Public Policy*** uses research and analysis to advance policies and practices that improve the economic and social opportunities of all Oregonians.

The Bush Tax Cuts: Are Oregonians Better Off? is available on the web at <http://www.ctj.org/pdf/bushtaxcutsor.pdf>.