

# Forbes

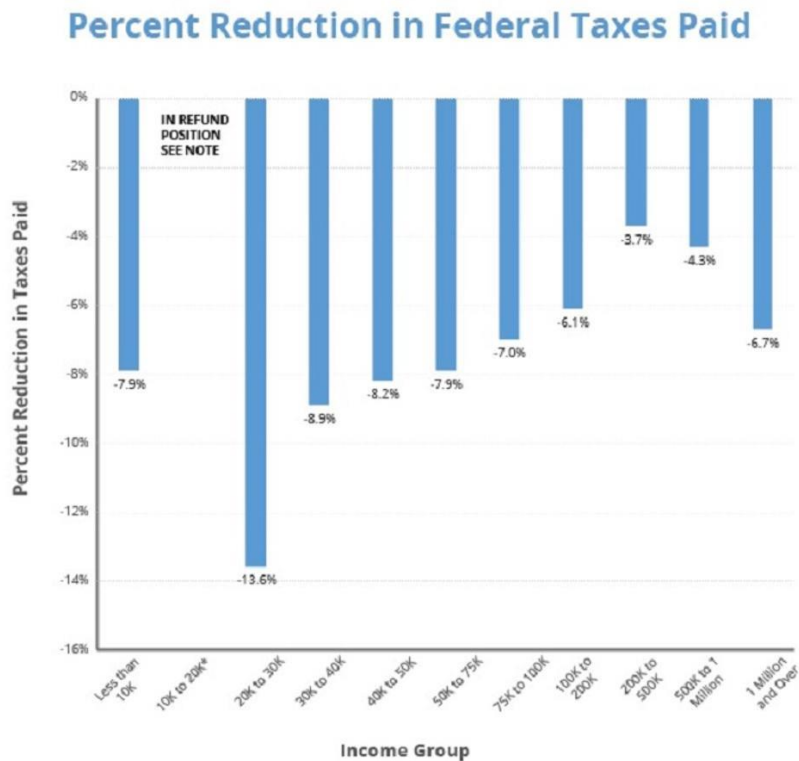
## Tax Reform Means Tax Cuts for All Americans Regardless of Income

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One of the strongest positive elements of tax reform is that it features net tax relief for all Americans at all levels of income.

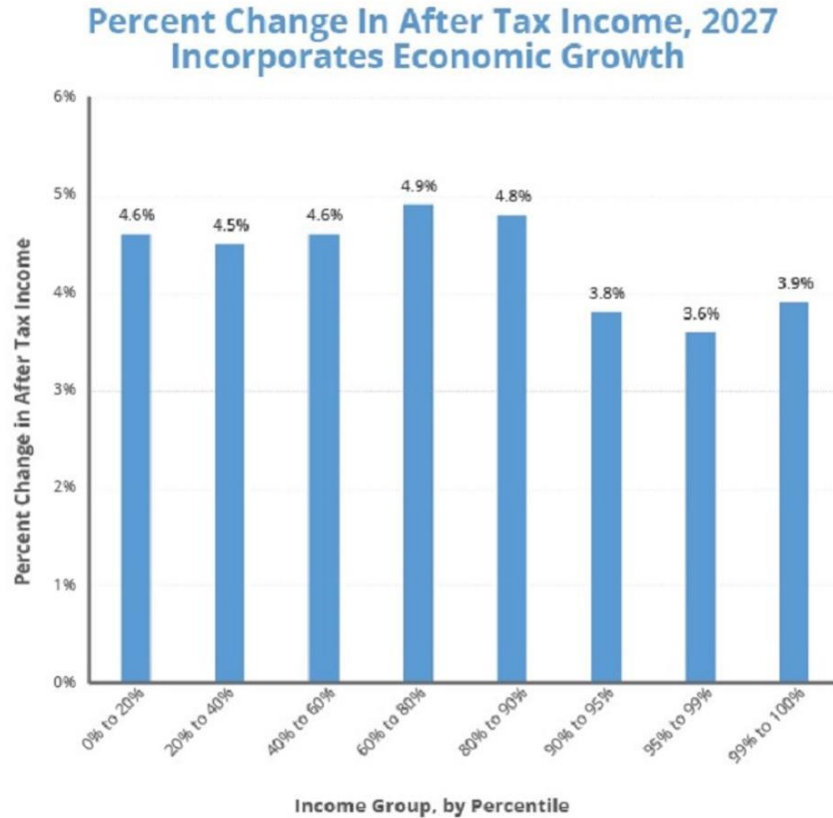
This has already been seen in several charts produced thus far:



*Income taxes decline across the board*

As you can see above, taxes paid declines across the board. The tax relief is greater for the lower end of the spectrum than the higher end, but it's a tax cut for everyone.

What does that do to after-tax income?



*Income after taxes rises for everyone*

Well, income after taxes rises for everyone under this plan. Everyone's taxes go down, and everyone's after-tax income goes up.

What about in states like New York, New Jersey, and California? Aren't those states going to be worse off under tax reform because the state and local tax deduction is limited to \$10,000 in property taxes? Not according to the Tax Foundation:

	Estimated FTE Jobs Added (10-Year Estimate)	Estimated Gain in After-Tax Income for Middle-Income Family (10-Year Estimate)
United States		
Total	975,000	\$2,598
Alabama	13,323	\$2,078
Alaska	2,241	\$3,332
Arizona	18,234	\$2,512
Arkansas	8,277	\$2,020
California	111,108	\$2,932
Colorado	17,520	\$3,105
Connecticut	11,322	\$3,341
Delaware	3,053	\$2,554
District of Columbia	5,274	\$3,123
Florida	56,530	\$2,252
Georgia	29,521	\$2,355
Hawaii	4,367	\$3,174
Idaho	4,695	\$2,489
Illinois	40,545	\$2,701
Indiana	20,787	\$2,468
Iowa	10,589	\$2,600
Kansas	9,507	\$2,500
Kentucky	12,908	\$1,996
Louisiana	13,293	\$1,857
Maine	4,162	\$2,238
Maryland	18,259	\$3,245
Massachusetts	24,015	\$3,180
Michigan	29,168	\$2,512
Minnesota	19,525	\$3,090
Mississippi	7,718	\$1,808
Missouri	19,166	\$2,421
Montana	3,154	\$2,511
Nebraska	6,844	\$2,612
Nevada	8,765	\$2,439
New Hampshire	4,506	\$3,355
New Jersey	27,481	\$3,013
New Mexico	5,601	\$2,132
New York	63,357	\$2,703
North Carolina	29,264	\$2,366
North Dakota	2,932	\$2,648
Ohio	36,958	\$2,375
Oklahoma	11,138	\$2,241
Oregon	12,358	\$2,602
Pennsylvania	39,673	\$2,683
Rhode Island	3,304	\$2,707
South Carolina	13,850	\$2,391
South Dakota	2,918	\$2,528
Tennessee	19,999	\$2,259
Texas	81,108	\$2,558
Utah	9,625	\$2,969
Vermont	2,111	\$2,677
Virginia	26,417	\$2,924
Washington	21,875	\$3,094
West Virginia	5,042	\$1,952
Wisconsin	19,718	\$2,632
Wyoming	1,893	\$2,544

### *Jobs and income by state*

The tax reform bill will create nearly 1 million jobs and raise after tax income for a middle class family by \$2600.

In New York, over 63,000 jobs are created and after tax income for a middle class family rises by over \$2700.

In New Jersey, nearly 28,000 jobs are created and after tax income for a middle class family rises by over \$3000.

In California, over 111,000 jobs are created and after tax income for a middle class family rises by nearly \$3000.

Notice a pattern?

Now today we have the Cato Institute out with their estimate of the income tax relief (as opposed to the total tax relief) in the plan. See below:

JCT Income Group	JCT 2019: Income, Payroll, Excise Taxes			Estimate 2019: Income Taxes Only	
	1. Current	2. GOP Plan	3. GOP Cut	4. Current	5. GOP Cut
	\$Billions	\$Billions	Percent	\$Billions	Percent
Less than \$10,000	\$7.0	\$6.5	-7.9%	n/a	n/a
\$10,000 to \$20,000	-\$2.4	-\$4.8	n/a	n/a	n/a
\$20,000 to \$30,000	\$22.1	\$19.1	-13.6%	n/a	n/a
\$30,000 to \$40,000	\$47.0	\$42.8	-8.9%	n/a	n/a
\$40,000 to \$50,000	\$67.3	\$61.7	-8.2%	\$12.0	-46.3%
\$50,000 to \$75,000	\$265.3	\$244.4	-7.9%	\$90.3	-23.2%
\$75,000 to \$100,000	\$279.5	\$260.1	-7.0%	\$123.8	-15.7%
\$100,000 to \$200,000	\$939.8	\$882.7	-6.1%	\$477.9	-11.9%
\$200,000 to \$500,000	\$724.3	\$697.8	-3.7%	\$468.1	-5.7%
\$500,000 to \$1,000,000	\$254.7	\$243.8	-4.3%	\$205.8	-5.3%
\$1,000,000 and over	\$624.1	\$582.5	-6.7%	\$576.9	-7.2%
<u>Cato Institute</u> taxpayers	\$3,228.7	\$3,036.7	-5.9%	\$1,988.4	-9.7%

*Income tax relief across the board*

*Income tax relief across the board*

The Cato Institute data shows income tax relief across the board, in every income stratum. Even millionaires, the target of so many crocodile tears of late by the Wall Street Journal editorial page, see an income tax cut in 2019 of 7.2 percent. Let's not forget that millionaires see a reduction in their average tax rate, their share of total taxes paid, and in their tax burden in dollar terms. Those making more than \$1 million per year do very well under this bill.

All taxpayers receive an average percentage income tax cut of nearly 10 percent in 2019. Their average tax rate declines. They pay less in taxes in actual dollars.

Cato's Chris Edwards isn't happy that the biggest percentage cut (by far) goes to families making \$40,000 to \$50,000. But in fairness, that's exactly what President Trump and Congressional Republicans have been promising all along: a big middle class tax cut that makes the system simpler for the middle class. It just so happens that tax reform also cuts taxes for everyone else in the process, and makes our business tax code far more competitive than it is today.