Lloyd Doggett says 80 percent of Republican-sought tax cuts flow to wealthiest 1 percent

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A Texas Democrat told congressional colleagues that President Donald Trump's outlined plan to cut taxes would hugely--and mostly--benefit America's wealthiest.

U.S. Rep. Lloyd Doggett of Austin, whose district runs south into San Antonio, said in his Sept. 30, 2017, House floor remarks: "Eighty percent of the tax breaks in this proposal go to the top 1 percent--that is, people making more than $730,000 a year."

Doggett made his claim three days after Republicans issued a framework outlining a proposed tax system with just three tax brackets, at tax rates of 12 percent, 25 percent and 35 percent, down from the current seven tax brackets.

For personal income-tax filers, the framework calls for doubling the standard income-tax deduction while repealing most itemized deductions, including personal exemptions for dependents.

The framework further says that the House Ways and Means Committee and Senate Finance Committee "will work on additional measures to meaningfully reduce the tax burden on the middle-class." Put another way, the legislation itself had yet to debut.

The framework also lists big intended changes in business taxation including a reduction in the corporate tax rate to 20 percent.

Doggett points to news story

Doggett, asked the basis of his claim, pointed to an Associated Press news storyciting a preliminary review of the framework that was issued Sept. 29, 2017, by the nonpartisan Tax Policy Center, a joint venture of the Urban Institute and the Brookings Institution. According to the AP report, the center found "that about 80 percent of the tax benefit would go to the top 1 percent — with income above $730,000 annually — by 2027."

We confirmed that's what the center's analysis, "A Preliminary Analysis of the Unified Framework," concluded for the year 2027. However, the center pegs the top-1-percent income figure for 2027 at $912,100 in 2017 dollars; it separately lists $730,000 as what the top 1 percent would earn in 2018 when about half the benefits would flow to the top 1 percent, the analysis says.

Generally, experts told us that no other reports on the plan's effects on taxpayers came public before Doggett spoke. A few days later, though, the Institute on Taxation and Economic Policy -- a research group that partners with Citizens for Tax Justice, which advocates for the tax interests of middle- and lower-class families -- predicted that in all but a few states, at least half the framework's tax cuts would flow to the wealthiest 1 percent of residents.

The nonpartisan Tax Foundation plans to issue a detailed impact analysis once the tax legislation firms up, an official there told us by phone. "As an organization, we decided that the unified framework was not yet detailed enough," Scott Greenbergsaid. He noted that among unsettled variables were the size of a revised standard deduction and an increased child tax credit.

Center's preliminary analysis

Let's get to details in the center's analysis.

For starters, the center's estimates presume that the plan takes effect in 2018 and would decrease federal revenue by $2.4 trillion over 10 years.

"In 2018," the analysis says, "all income groups would see their average taxes fall, but some taxpayers in each group would face increases. Those with the very highest incomes would receive the biggest tax cuts."

According to the center's estimates, the top 1 percent of Americans would get 53 percent of the plan's benefits at the start--though reap 79.7 percent of the benefits in its 10th year, 2027. That is, in 2018, 53 cents of every dollar in tax savings would go to the nation's wealthiest 1 percent of residents and in 2027, nearly 80 cents of every dollar in savings would accrue to the top 1 percent, the center estimates.

A pause: Chris Edwards, a tax expert for the libertarian Cato Institute, cautions against solely considering the share of tax reductions potentially enjoyed by the super-wealthy. His nudge: Folks should be aware that the same Americans consistently account for a great deal of tax revenue. In 2014, according to IRS data posted by the Tax Foundation, the top 1 percent paid a greater share of individual income taxes, 39.5 percent, than the bottom 90 percent combined, 29.1 percent. The same year, per the government, the share of personal income earned by the top 1 percent of taxpayers rose to 20.6 percent.

The center's analysis of the Republican framework says: "Between 2018 and 2027, the average tax cut as a share of after-tax income would fall for all income groups other than the top 1 percent." In 2027, it says, the overall average tax cut would be smaller than in 2018, increasing after-tax incomes 1.7 percent. That year, the center says, about "80 percent of the total benefit would accrue to taxpayers in the top 1 percent, whose after-tax income would increase 8.7 percent," the analysis says.

Under the plan, the center says, the number of taxpayers paying more in taxes would generally rise over time. "This is because the plan would replace personal exemptions, which are indexed for inflation, with additional credits for children and non-child dependents that are not indexed for inflation," its analysis says. "In addition, indexing tax brackets and other parameters to the slower-growing chained Consumer Price Index means that over time more income is subject to tax at higher rates," it says.

A center researcher, Joe Rosenberg, advised by phone that the conclusion that the wealthiest Americans would reap more of the tax benefits in the tenth year traces to other Americans bearing more tax losses as a result of losing itemized deductions, especially deductions for paying state and local income taxes. Rosenberg also singled out the proposal to end the personal exemption, indexed for inflation, with a child tax credit not indexed for inflation.

Rosenberg said the center did not analyze the "distributional" effects of the outlined plan for other years, meaning there are no projections of the degree of benefits absorbed by any subset of earners for years other than 2018 and 2027.

After the center posted its analysis, a White House adviser, Kevin Hassett, chairman of the Council of Economic Advisers, questioned the validity of the projections given multiple assumptions made by the center. Rosenberg, asked about that critique, pointed out that the center's analysis says up front that many aspects of the framework "were unspecified or left to be determined by the tax-writing committees in Congress."

Doggett stands by statement

We informed Doggett that he didn't say in his claim that he was speaking solely about 2027 and he also gave the wrong figure for what the top 1 percent are projected to earn that year.

Doggett replied by email: "In my remarks, I specifically noted that the tax breaks would go to those making 'more than' $730,000 a year. You correctly note that the number increases (more than), not decreases (less than) in future years, which further bolsters my point that the benefits go to the very wealthy few. Since if anything, I understated how inequitable this proposal is, I am pleased you are focusing on the inequity." Doggett also said that last he checked, the AP news story he shared with us (posted online by the Austin American-Statesman) hadn't been updated to the 2027 dollar amount.

Our ruling

Doggett said "80 percent of the tax breaks in" President Trump's frameworked tax-cut "proposal go to the top 1 percent, that is, people making more than $730,000 a year."

The analysis Doggett referenced indeed indicates benefits will accrue to the very wealthy over time. Yet in the first year of changes, the top 1 percent are projected to draw a little over half the tax savings. The threshold of 80 percent going to the top 1 percent is projected for the tenth year. Also, Doggett's stated figure for incomes is too low; it ties to the first year of implementation.

We rate Doggett's floor statement Half True.