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Republicans' Disdain for Trump's Base Oozes Into Tax Plan

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Every tax plan has winners and losers, and the House Republican tax plan is no different. The wealthy continue to prosper and the middle class gets the scraps. Everyone else? "The losers are going to lose badly," says the Center for American Progress's tax expert Seth Hanlon.

But what happens if Trump's strongest supporters are the losers losing badly? A Voter Study Group/Democracy Fund **report** published earlier this year identified five distinct groups of Trump voters. Trump and the GOP risk alienating two groups with their proposed tax plan, the "American Preservationists" and the "Free Marketeers," who together make up 45 percent of the president's base.

According to the study, the "American Preservationists" are mostly made up of white working-class Americans, Trump's core constituency. This group is the poorest of his supporters: More than half of them earn less than $50,000 a year. Embracing a nativist and ethnocultural conception of American identity, they staunchly oppose all forms of immigration and helped carry Trump through the Republican primaries last year.

The second group is the "Free Marketeers." These wealthy, college-educated voters went strongly for Mitt Romney in 2012. (The median income of a Trump supporter during the 2016 primaries was $72,000, according to an **analysis** by FiveThirtyEight's Nate Silver; one-quarter of Free Marketeers earn more than $100,000 a year.)

Although most American Preservationists won't get much from the tax bill, the people who do get hit will get hit hard. The Republican plan eliminates medical expense deductions, which allow taxpayers to deduct medical costs that exceed more than 10 percent of their adjusted gross income. Only 6 percent of taxpayers use this deduction, but it is a vital one for seniors and people with chronic or disabling medical conditions: Almost one-fifth of American Preservationists reported being unable to work because a disability, and over half are older than 55. According to a Joint Committee on Taxation **analysis**, nearly half of all taxpayers who claim the deduction have incomes below $75,000. The AARP and the Paralyzed Veterans of America (which sent a contingent to march in the president's inaugural parade) oppose the bill.

The GOP tax plan cuts the deduction used by millions of American homeowners to deduct interest on mortgages up to $1 million. Under the GOP proposal, homeowners would only be able to write off interest on the first $500,000 of a new mortgage. Republicans would also eliminate most of the state-and-local-tax deductions (SALT). Trump has **said** that it's "unfair" that states like New Jersey and California are "being subsidized by states like Indiana and Iowa."

The benefits of SALT, like the mortgage interest deduction, mainly accrue to higher-income Americans. Of the more than $550 billion in state and local taxes deducted by taxpayers in 2015, Americans with incomes over $100,000 claimed 75 percent of those deductions, according to the Government Finance Officers Association. Yet likely SALT losers include affluent Free Marketeers in red states like Utah, Wisconsin, and Georgia (where the deduction is popular), as well as people in high-tax blue states.

Trump championed health-care proposals that would have hurt his low-income supporters, yet his approval ratings remained stable among Republicans. Will the Republican tax plan finally erode Trump's support among the white middle and working classes? Not quite yet, it seems. "It's typically hard for people to determine how economic policies affect their personal self-interest," says George Washington University political scientist John Sides. "People are more likely to decide on Trump's tax plan based on whether they like Trump, not on whether they themselves will pay less."

But the author of the Voter Study Group/Democracy Fund report believes that Free Marketeers may not be so forgiving. For them, "pocketbook voting matters quite a bit," says Emily Ekins of the Cato Institute. "This is a group that wasn't that excited about Trump to begin with. … It's a tall order to say they would abandon the GOP because of any tax plan, but it's possible that they might stay home during the midterms."

According to an **analysis** released Wednesday by the nonpartisan Tax Policy Center, about 25 percent of Americans would face a higher tax burden in 2027 under the legislation than under current law. The Joint Committee on Taxation had similar findings in its preliminary report, concluding that nearly 20 percent of people would pay more in 2027.

A **Politico/Morning Consult** poll released Thursday showed positive but declining support. In particular, eliminating SALT along with other itemized deductions ranked among the least popular of the plan's proposals. *The Washington Post* **reports** that Senate Republicans at least seem to be taking the poll numbers on the mortgage deduction seriously—the Senate bill would largely preserve that deduction, but they would still get rid of SALT.

Like the Bush tax cuts of 2003, trickle-down plans typically come giftwrapped in a promise that they'll benefit *all* middle- and working-class Americans. But Republicans didn't even bother to do that this time around. The GOP bill hurts the very groups that Speaker Ryan and his colleagues say they intend to help and reveals the true priorities of House Republicans—making sure the super-rich get richer and letting everybody else muddle through.