

TRUMP TWEETS: IF YOU WANT TO BE HAPPY AT TAX TIME BE HEALTHY AND WEALTHY!

Trump's message that the tax cuts would help middle-class workers, but according to the Associated Press poll more than half are failing to believe in Trump's message. Majorities believe that middle class families and small businesses pay too much and majorities of both Republicans and Democrats think they pay too much and the wealthy and large Corporations pay too little. The new bill will scrap the \$4050 Personal Exemption for all members of a family. There is a \$10,000 limit on property taxes. Those with existing mortgages would still be allowed to deduct their interest on the mortgage, but newly purchased homes would be limited to \$500,000 not the one million under the present law.

The House of Representatives in Congress wouldn't accept a tax bill that like the Senate's eliminates deductions for all State and local taxes. Large states like California, New York and New Jersey have too many members of Congress that could never support eliminating the tax write-off for State and local taxes and get re-elected the next term.

The House and Senate have worked on their own plans for re-writing the U.S. tax code, but because they have set a Christmas deadline to give a bill they both agree on to President Trump the final path forward remains difficult.

House Ways and Means Chairman Kevin Brady said on "Fox News" That he is committed to a compromise that would preserve the deduction for State and local property taxes. The House version eliminates existing federal tax breaks for State and local income or sales taxes. The Senate eliminates deductions for all State and local taxes.

The House and Senate differ on the Standard Deduction. The House bill sets the 2018 Standard Deduction at \$24,000 for married couples and \$18,300 for Heads of Households and \$12,200 for individuals. The Senate bill by contrast sets them at \$24,000, \$18,000 and \$12,000 respectively. The tweak helped the Senate stay within the \$1.5 trillion limit on the size of the amount to add to the federal deficit.

The Tax Foundation announced that the Top 1% of households get the biggest boost from the Senate plan. They would get a 7.5% in after-tax income in 2018 compared to 2.5% for the population as a whole. By 2027, the income gain for the top 2% would be 45% while others would see gains below 1%. The plan adds \$1.5 trillion to the National Debt.

"And when he comes home, he calls together his friends and neighbors saying . 'Rejoice with me, for I have found my sheep that was lost.' Just so, I tell you, there will be more joy in heaven over one sinner who repents than over ninety-nine righteous persons who need no repentance."

(Luke 15: 6-7 NRSV)

**HAPPY
THANKSGIVING
PEACE
AND
LOVE
TO YOU ALL!**

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**You are welcome to copy or quote
from the Legislative Brief.
Tom Smith, Editor**

The House collapses the number of tax brackets from 7 to 4 and that reduces revenues by \$1.09 trillion over ten years.

45% of tax cuts in 2027 would go to households with incomes above \$500,000 fewer than 1% of filers.

Trump's demand was very expensive wanting to cut the corporate tax rate from 35% to 20% but it appears it can't be any lower than 25% for the Senate to meet the \$1.5 trillion maximum cut. To help keep from going over their limit, they are proposing a repealing of the wind energy credit. It would save them \$5 billion for the corporate tax cut. Republican Senator Charles Grassley is joining a group of environmental lobbyists vowing to oppose this cut. The Senate plans to delay the corporate cut to 20% for a year. It reduces the total cost by \$100 billion. This is opposed by the House, President and Wall Street.

The National Council on Aging is very concerned that the major deficit cut will likely result in major cuts to Medicaid and Medicare and may be used as an excuse to cut Social Security. They are already cutting the Medical Expense Reduction which allows taxpayers 65 and over to use it to reduce potential bankrupting out of pocket medical expenses which allows qualifying expenses above 10% of their adjusted income. The Congressional Budget Office said Medicare cuts would be needed probably \$25 billion.

This would be the largest tax cut since Ronald Reagan in 1986.

The Republican Tax Plan pushed by President Trump as a middle-class tax cut overwhelmingly benefits the wealthiest Americans and businesses according to an analysis by the nonpartisan Tax Policy Center. The report found that the average tax bill for all income groups would decline by \$1000 or 2.1% in 2018. The biggest

increase would go to those incomes above \$730,000 who would see their after taxes incomes rise by an average of 8.5% or about \$129,000. Those in the middle with incomes averaging \$66,960 would see their after tax incomes rise by 1.12% or about \$660.

The plan provides very large benefits for Corporate America with a \$2.6 billion cut in taxes for business.

Individual income taxes actually increase by \$470 billion as a result of changes in personal deductions and exemptions as well an increase in the bottom tax from 10% to 12%.

Tax collections would shift from businesses to individuals. The potential loss of deductions would hit the upper middle class the most and more than one-third of taxpayers who earn \$50,000 to \$300,000 could see their taxes go up next year. They could be it very hard by the repeal of State and local taxes.

"Tax Reform should be about one thing: putting money in the pockets of working people," said Sen. Sherrod Brown, Dem, Ohio. "This bill fails the test, we must craft a bill that cuts taxes for the middle class."

A study by the Joint Committee on Taxation found that 7% of households including 10.4% in the \$75,000 to 100,000 Income bracket would pay at least \$500 more in federal taxes in 2019 under the Senate Plan.

Since the Senate will not have voted before you receive this brief many changes may occur as the House and Senate must meet in a Conference Committee and resolve any differences and must finally be signed by President Trump to become law.

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