

Lies by Barr about the tax cuts -- the real truth.

Tuesday January 9, 2018. Barr's office distributed their talking points regarding the recent Tax Cut and Jobs Act bill that was passed last month. This is a point by point response to the Barr office propaganda passed out to the Members of the Bluegrass Activist Alliance Group who met them.

Barr's office claims the tax cuts are "not primarily" for the wealthiest Americans.

This is a boldface lie. The GOP repeatedly claims most income taxes are paid by the wealthiest Americans. They are, because **income tax** is based primarily on a person's disposable income. Most working Americans have little disposable income left to tax after paying for essentials like housing, food, transportation, utilities, car and home insurance. This is why paying for health insurance, college or saving for retirement has become all but impossible for too many working Americans today, and why taxing what little discretionary income they have does not result in much of a tax burden, there is little left in terms of discretionary income **to tax**.

On the other hand, the wealthiest Americans have a far larger amount of disposable income, even after adjusting for the many and far larger deductions they receive. Consequently, they are expected to pay more income tax because they have far more disposable income even after they purchase health insurance, put money into their retirements, pay college expense and other major costs with little difficulty.

Thus, when the GOP cuts income taxes by a fixed percent across income groups, they claim the tax cuts benefit working Americans by parsing their language and stating everyone gets a tax cut. Well, most people will see a little benefit initially, but their benefits reflect their income, the amount of income tax they paid and the number of others in their income tax group. Because there are far larger numbers of people in the lower income tax brackets, relative to the higher income tax brackets and because they are paying little income tax, they see peanuts in terms of the tax cuts they receive. Meanwhile, the wealthiest 1% of Americans, who pay a much larger total amount in income tax and have far fewer individuals to share those tax cuts with, receive far greater tax cuts than average working Americans. For the wealthiest Americans relative to the poorest Americans you are talking tens of millions of dollars versus a few hundred dollars. Make no mistake, these tax cuts are the most regressive in modern US history. Passing them off as for working Americans is on par with the GOP lie about their healthcare plan being better and cheaper and not resulting in anyone losing their health coverage.

Barr's office claims that 80% of the tax cuts will not go to the wealthiest Americans.

This is a typical Barr half-truth. No, initially just 50% of the tax cuts go to the wealthiest Americans, but after 10 years those receiving the bulk of the tax cuts (80%) will be the wealthiest 1% of Americans, while working Americans will actually see their taxes increased. The only reason the wealthiest Americans will continue to pay more income taxes than working Americans is because they are the ones reaping the greatest rewards, and will continue doing so because less of their disposable income will be taxed under this bill. Think about it, working Kentuckians will pay more in taxes in 10 years than they did in 2017 and the wealthiest Americans will pay less tax in 10 years than they did in 2017. That is real wealth redistribution from those with the least to those with the most.

Barr's office claims the tax bill does not raise taxes on the poor.

This is another Barr half-truth. Initially it doesn't raise taxes on the poor. However, it does do exactly that in 10 years. The tax cuts for working Americans are phased out and their taxes go up, even as the wealthiest Americans will continue to receive tax breaks. That is the whole truth.

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Barr's office claims the tax cut bill is not a direct attack on the middle class.

Right, the tax bill is an ***indirect attack*** on the Middle Class. When the tax bill increases the deficit another \$1.5 trillion over 10 years. When the GOP openly states they need to reduce spending because they have decreased revenue, whose pocket do you think they are looking to take benefits from – the wealthy or working Kentuckians? If you are wealthy, you don't need Medicare, Medicaid or Social Security. You don't need public education when you can afford expensive private schools. You don't need to worry about health care insurance costs or not having enough money to put into retirement. You know who does depend on a strong social system? ***Working, middle-class families***. So, when Barr starts looking to cut social programs because government does not have the revenue to support them, who do you think is going to get hurt – the wealthy or the working people of this State? The tax bill is not a direct attack, ***it is an indirect attack*** on the middle class, because its passage will ultimately result in diminished funds for our social safety net just so the wealthiest Americans can keep even more of their disposable income.

Barr's office claims repealing the death tax is not a massive giveaway for the wealthiest Americans.

This is a total boldface lie. It certainly is a massive giveaway to the richest Americans, and it has nothing to do with small family farms or small businesses. The Estate Tax (GOP Death Tax) only affects 0.2% of estates in the US, 99.8% of estates are not taxed, because most estates do not have values in excess of \$10 million dollars. Further, there are no "small family farms" being liquidated due to estate taxes, and even "large family farms" worth more than \$10 million are allowed to pay off the estate tax on the value of the estate over \$10 million during a 15 year time period. Likewise, most small businesses are not worth anything like \$10 million, and those which exceed \$10 million are only taxed on the amount over \$10 million, they are not taxed on the initial \$10 million in worth. The true beneficiaries of the elimination of the estate tax are the wealthy billionaires of this country who want to pass all their wealth to their children, completely untaxed. The Walton's, the Johnson and Johnson heirs, Adelson, Trump, Mars, Koch's, etc. Much of their wealth has accumulated untaxed in real estate holdings, stocks, bonds, business ventures and they wish their lineage to continue to reap the rewards from this untaxed wealth for the next century. This creates a permanent wealth class in the US. Individuals who enjoy extreme wealth not through their own effort, but based solely on the family they were born into. Wealth not by achievement, but by association. These families meet with wealth advisors every year who provide them the latest information on how to maintain family fortunes for generations to come.

Barr's office claims this is not a tax-free holiday for corporations.

This is a huge tax reduction for corporations who will see their tax liability decrease from 9-10% of Federal Revenue to just 6% of Federal Revenue. These are ZERO provisions in the tax bill that require companies to use their tax savings to invest in research, development or new equipment, to increase wages or create new jobs. It is an act of blind faith by Barr and the GOP those things will happen. Many large corporations stated openly before the tax bill was passed they would use the tax cuts to reward investors, executives and to buy back stock. A number of companies have already indicated their plans to do just this. This is in part why US GDP is not going to rise anywhere near as much as the GOP states, because this is a tax cut, not an economic stimulus plan.

Barr's office claims this is not fiscally irresponsible legislation that will add trillions to our debt.

Oh, yes it does. The tax cuts did not come with spending cuts and it will add between \$1-2 trillion to the US debt over the next 10 years. So, in that sense, Barr has voted to approve a tax cut bill without addressing how the shortfall in revenue will be addressed. Barr and the GOP have made no secret about how they intend to address that shortfall – by reducing more of the US social safety net, starting with expanded Medicaid. Barr and the GOP still profess that revenue and deficits are unrelated entities and

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even if they are related, rich people deserve to keep more of their own money, particularly if they are very rich and willing to donors to Barr and other GOP campaign coffers.

What could have Barr and the GOP done to improve the lives of working Kentuckians?

Most working Kentuckians pay more in payroll taxes than income taxes. In fact, payroll taxes will not account for 39% of Federal Revenue, only slightly less than the 48% provided by income taxes. Isn't it strange how when GOP politicians talk about working Americans keeping more of their tax money, they only talk about income taxes and NEVER payroll taxes. This is because payroll taxes come primarily from average working Americans, while income taxes come primarily from the wealthiest Americans. Guess who GOP politicians really care about. The average Kentucky family (median income of \$45,000) will get a tax cut of less than \$100/month or less than \$25/week, and it is a tax cut that won't last and will come at the expense of having a less secure social safety net.

There were lots of things the GOP could have done to reform the tax code, but they didn't close any of the major tax loopholes used by the wealthiest Americans. They closed tax write-offs used primarily by Middle class Americans. There is plenty of legislation the GOP could have supported if they wanted to help working Americans, but they didn't do that either. They could have raised the minimum wage to a "livable wage". They could have approved funding to support health care in high risk corridors to strengthen the Affordable Care Act. They could have taxed stock transactions as a way of generating resources to help reduce the federal deficit. They could have eliminated the already leaky loopholes in the Estate and Gift Tax that allow wealthy Americans like Sheldon Adelson to avoid paying estate and gift taxes to his heirs. They could have simply closed the off-shore tax haven loophole that encourages companies to transfer profits to the Bahamas and elsewhere to avoid paying US taxes. They could have removed the income cap placed on Social Security taxes, making Social Security solvent for the next 50 years and giving workers comfort in its solvency. They didn't do any of those things.

What the GOP did was pass an entirely partisan bill (not supported by a single Democrat in either chamber of Congress) that gives a huge tax break to large companies (not small companies because small companies don't pay a 35% business tax) and very wealthy people. Trump will reap tens of millions in tax breaks each year because of this bill. Do not be misled about keeping the top income tax bracket at 39.5%, because wealthy people don't receive the vast majority of their income from wages. They receive most of their income from investments and business ventures where the GOP provided the largest tax breaks. Barr and the GOP may profess they are providing gifts to working Americans. Just beware of Greeks like this bearing gifts, because these gifts are not what they claim them to be.