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FOR IMMEDIATE RELEASE, THURSDAY, JUNE 29, 2006 — CTJ Iowa summary attached.
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Almost All Iowans Fall Behind with Federal Tax Cuts New Report Examines Tradeoff of Cutting Taxes with Borrowed Money

MOUNT VERNON, Iowa (June 29, 2006) – A new report from Citizens for Tax Justice (CTJ) shows 99 percent of Iowans are losing ground as a result of federal tax cuts and deficits since 2000 – the price of borrowing money to pay for tax cuts for the wealthy.

“If the bill were to come due today, it wouldn’t be pretty,” said Peter Fisher, research director for the nonpartisan Iowa Policy Project (IPP). “For all but the richest Iowans, their share of the increased national debt since 2000 is much larger than what they saved in taxes.

“The tax cuts, perceived as a gift, turn out to be a loan, on terms that would make a loan shark blush. In fact, the net loss to middle-income Iowans would be three-and-a-half times what they received in federal tax cuts.”

In return for \$2,011 in tax cuts per person, middle-income Iowans acquired responsibility for an additional \$9,173 in national debt, according to the CTJ report. The imbalance for most Iowans is so large in part because the tax cuts went mostly to the rich, while every taxpayer will pay to reduce the national debt that financed those cuts.

“Of course, the bill doesn’t come due all at once. Debt payments are built into each budget. So this imbalance is not being seen by the average taxpayer and much of it will be pushed onto our children and grandchildren,” Fisher said.

The CTJ report includes new estimates of how the Bush Administration tax cuts from 2001 to 2006 affect Iowans at different income levels. CTJ noted that when both the direct tax cuts and indirect debt hikes are put side by side, only the wealthiest 1 percent of Iowans are better off as a result of federal fiscal policies pushed by the Bush Administration. For that group — with incomes averaging nearly \$700,000 — the average six-year tax cut of \$47,974 apiece outweighs new debt of \$34,974.

“It already had been well-established that the tax cuts have predominantly helped the wealthiest taxpayers,” Fisher said. “So those who are less well-off will pay the bill for cutting taxes with borrowed money — either through tax increases or spending cuts that will hurt services for vulnerable populations.”

CTJ Director Robert S. McIntyre said the report shows “there’s no such thing as a free lunch.”

“Low- and middle-income Iowans are paying for the huge tax cuts going to the wealthiest 1 percent of Americans,” McIntyre said.

The full report is online at <http://www.ctj.org/debt.htm>, and <http://www.iowapolicyproject.org>.

Citizens for Tax Justice, based in Washington, D.C., is a nonpartisan, nonprofit research and advocacy organization dedicated to fair taxation at the federal, state and local levels.

The Iowa Policy Project, based in Mount Vernon, is a nonprofit, nonpartisan organization that provides policy analysis for Iowans on fiscal issues, economic opportunity and energy and the environment.