

# The Current Federal Tax Debate and Implications for California

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*WHAT COULD THE LATEST TAX PLAN MEAN FOR CALIFORNIA?*



California Budget  
& Policy Center



CALIFORNIA ASSET  
BUILDING COALITION

# Logistics

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- Feel free to live tweet during today's webinar and used the following handles and hashtags
  - @calassets, @calbudgetcenter, @prosperitynow, @nwlc
  - #GOPTaxPlan, #TaxReform, #TaxDebate, #AssetsMatter #ProtectCalifornians

# Agenda

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- **Welcome**
- **Tax Reform and Asset Building, [Emanuel Nieves](#), Senior Policy Manager, Prosperity Now**
- **Federal Tax Plan Update, [Chris Hoene](#), Executive Director, California Budget & Policy Center**
- **Impact of the Federal Tax Plan on Women, [Amy Matsui](#), Senior Counsel and Director of Government Relations, National Women's Law Center**
- **Q&A**

# Tax Reform and Asset Building

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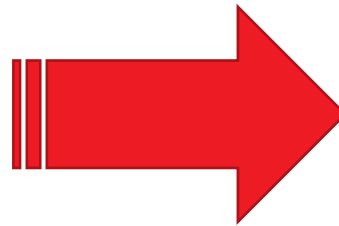
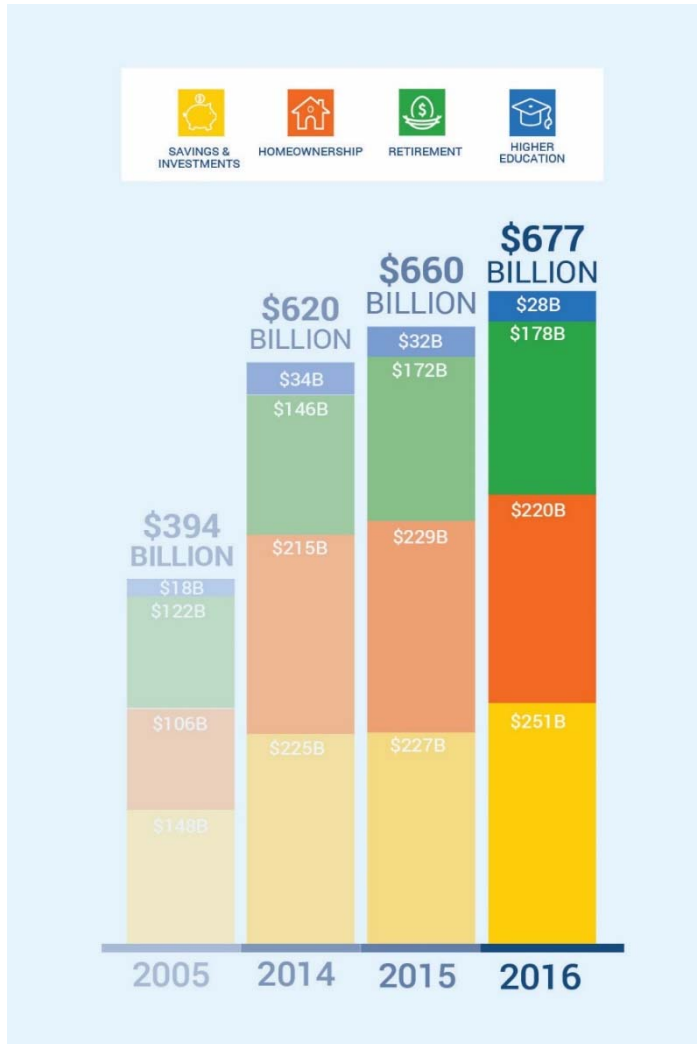




**Emanuel Nieves**

Senior Policy Manager,  
Prosperity Now

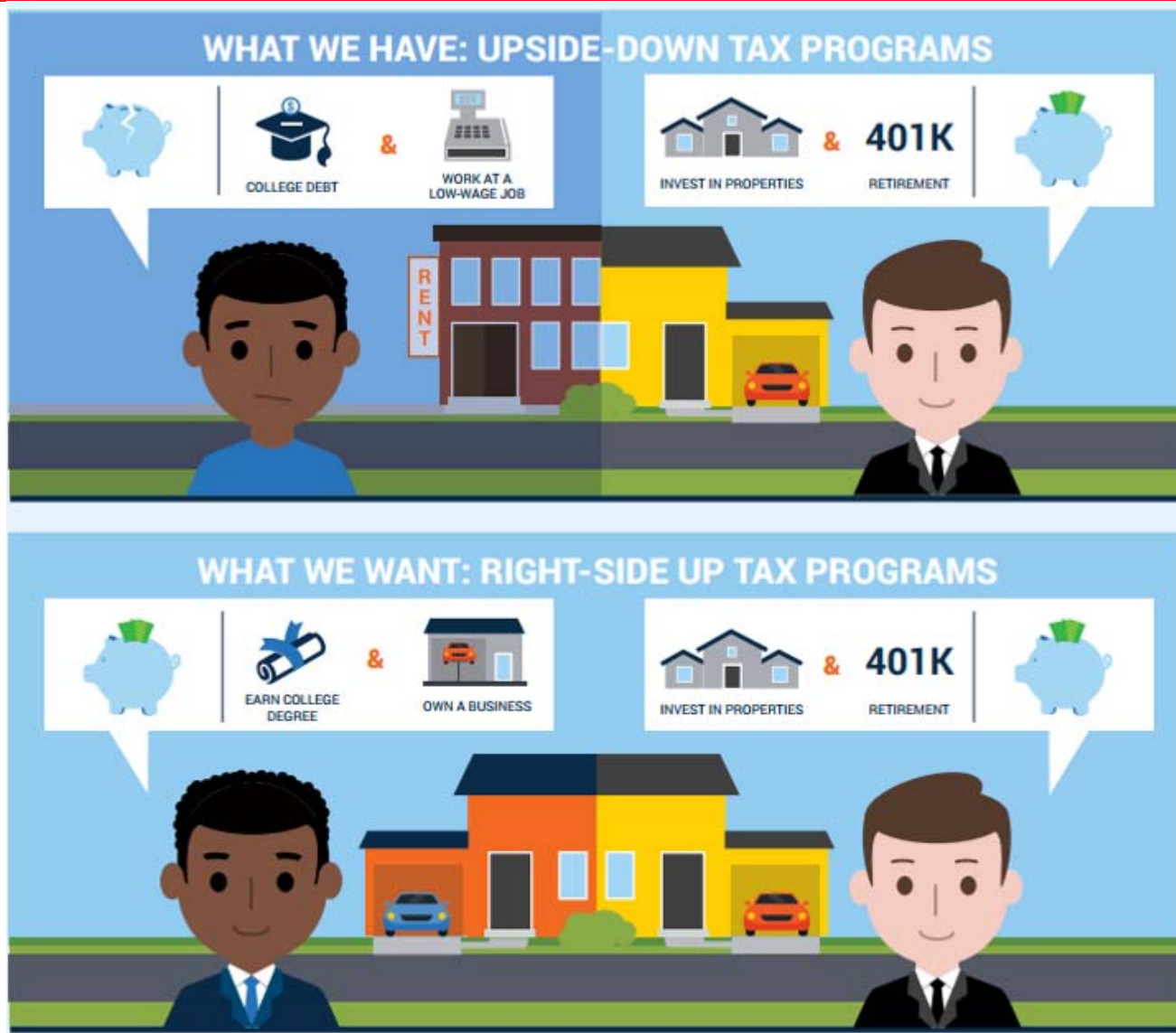
[enieves@prosperitynow.org](mailto:enieves@prosperitynow.org)

# THE RISING COST OF UPSIDE TAX PROGRAMS

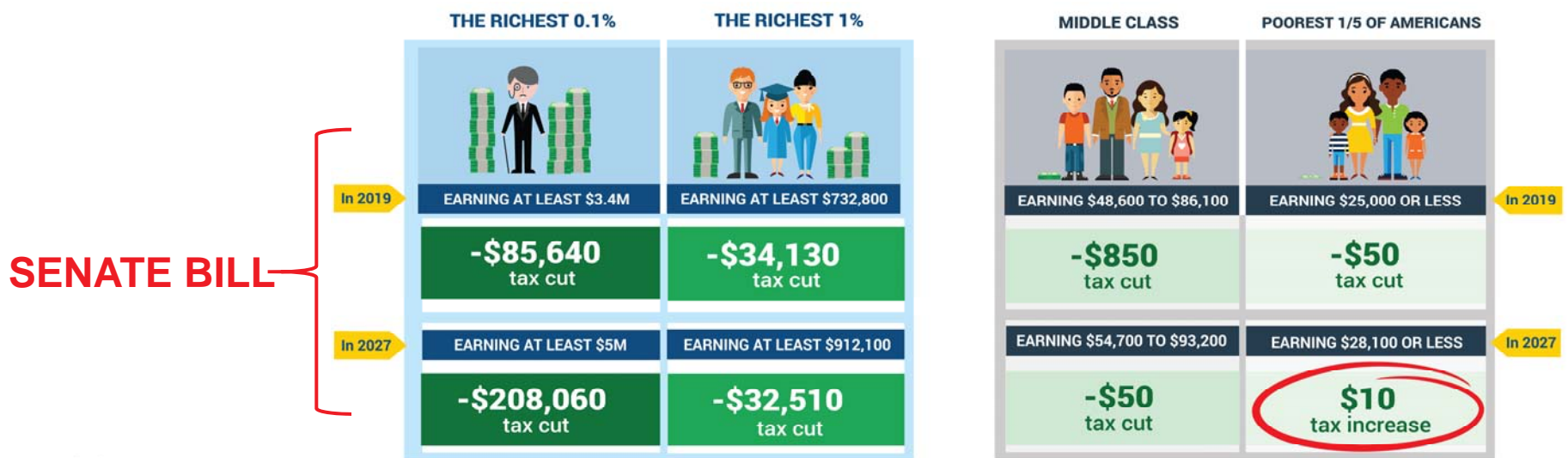
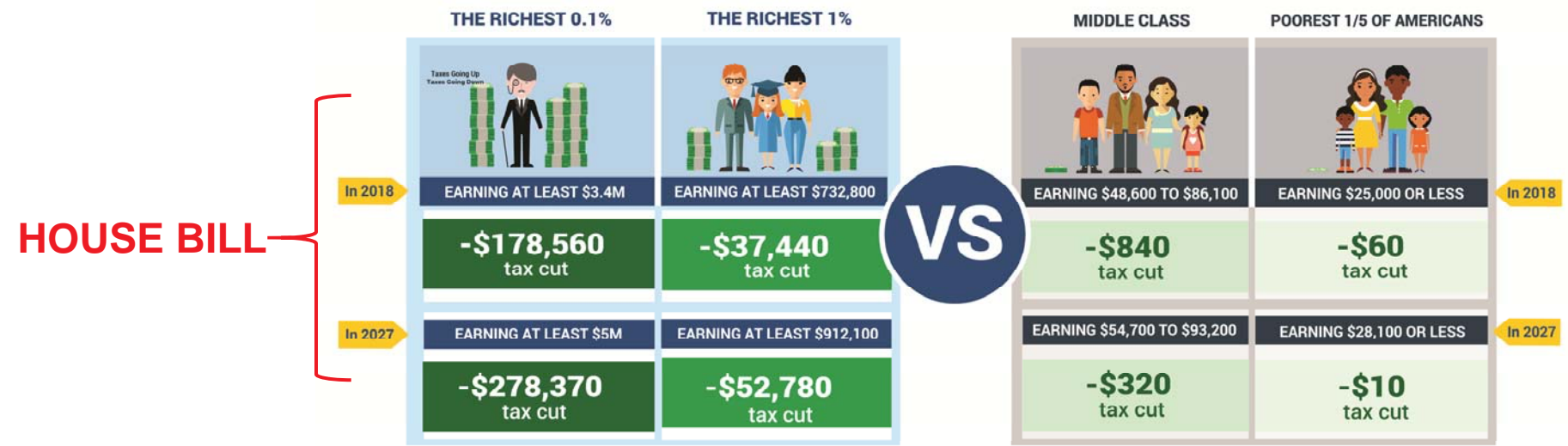


TAX BENEFITS FOR	
MILLIONAIRES	VS WORKING FAMILIES (Sub 50K)
 	
SAVINGS & INVESTMENTS	
\$138,280	\$10
HOUSING	
\$11,890	\$18
RETIREMENT	
\$10,020	\$110
EDUCATION	
\$0	\$88
TOTAL FOR 2017	
\$160,190	vs <b>\$226</b>

# THE RISING COST OF UPSIDE TAX PROGRAMS



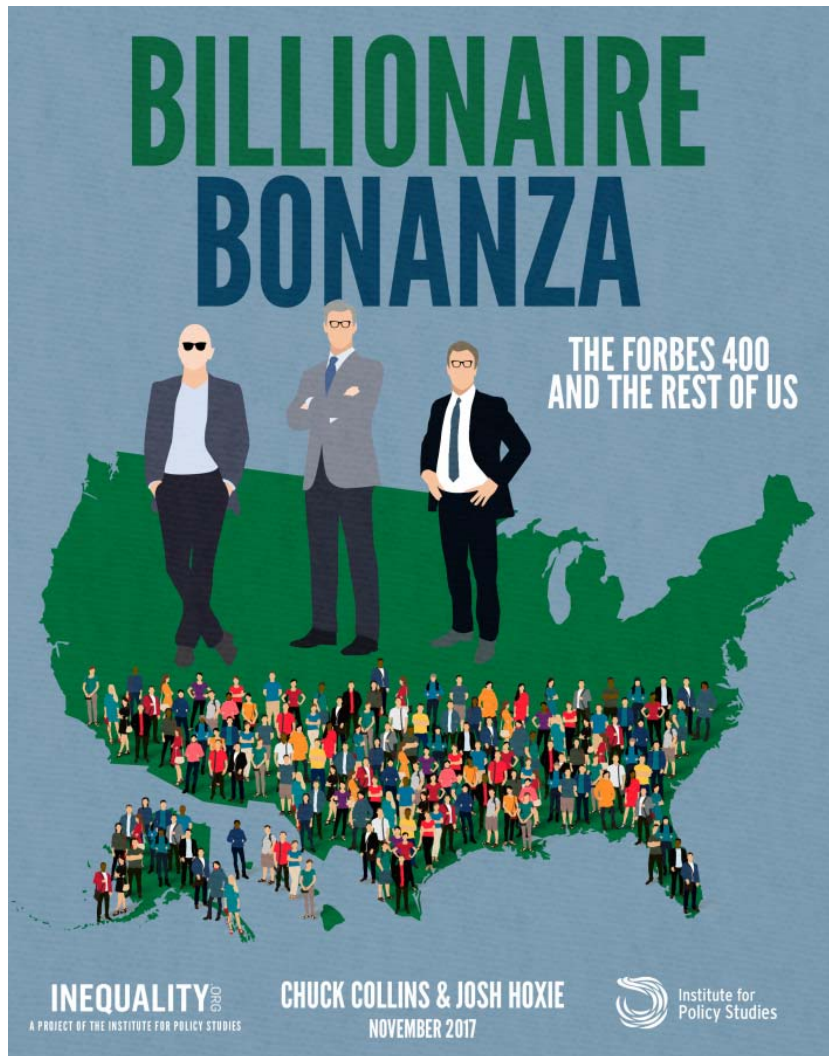
# COMPARING H.R.1, THE “TAX CUTS AND JOBS ACT”





# WHAT'S AT STAKE WITH H.R. 1

## *SUPERCHARGING HISTORIC LEVELS OF WEALTH INEQUALITY*



**Today**, the three wealthiest people — Bill Gates, Jeff Bezos, and Warren Buffett — in the United States now own more wealth than the bottom half of the country—160 million people—*combined*.

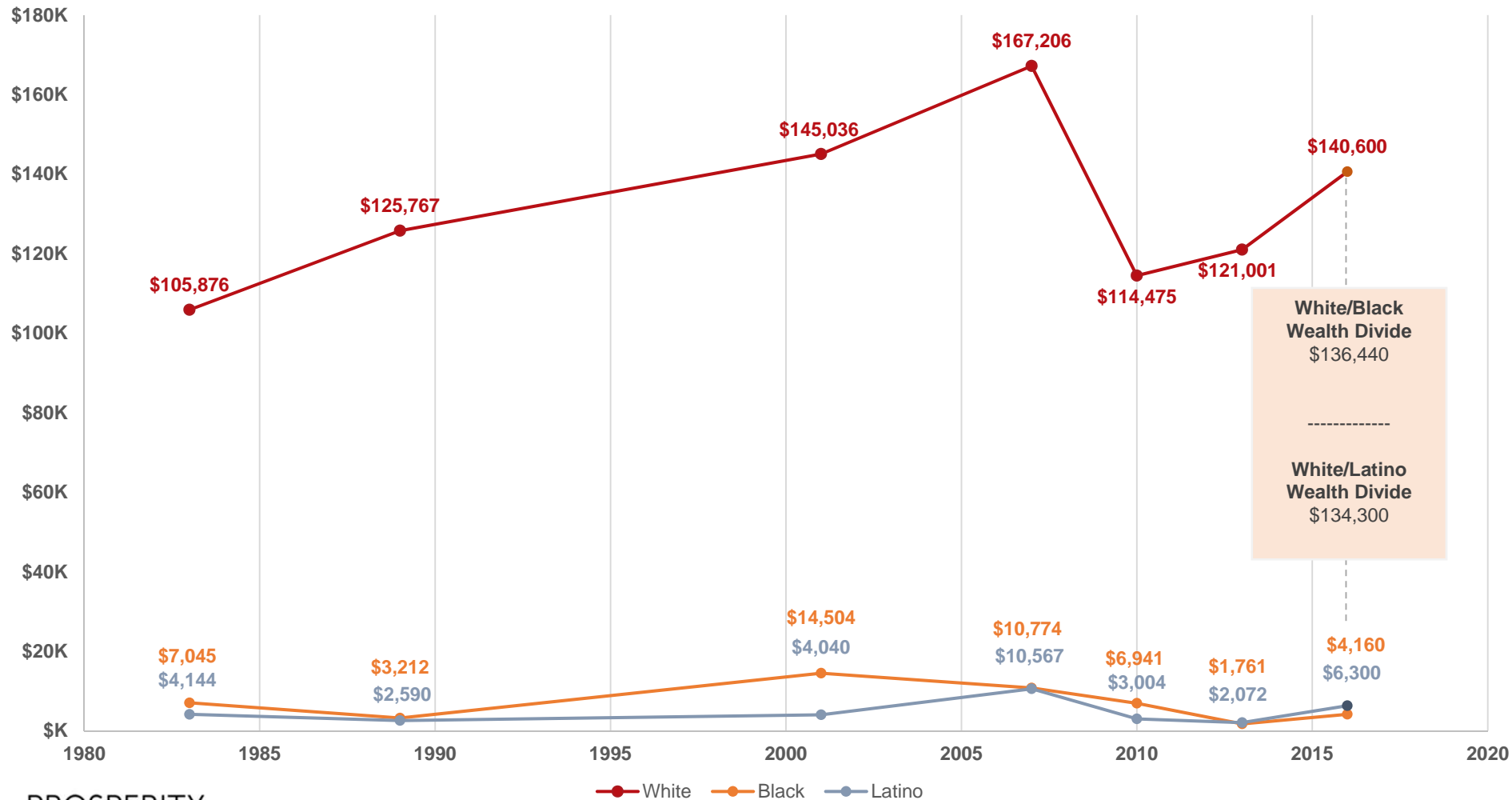
**In just 35 years**, the total wealth of the *Forbes 400* has skyrocketed from \$231 billion to \$2.68 trillion.



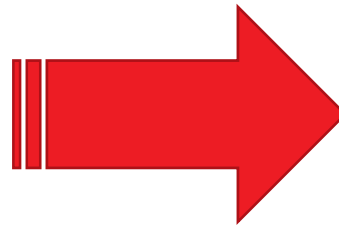
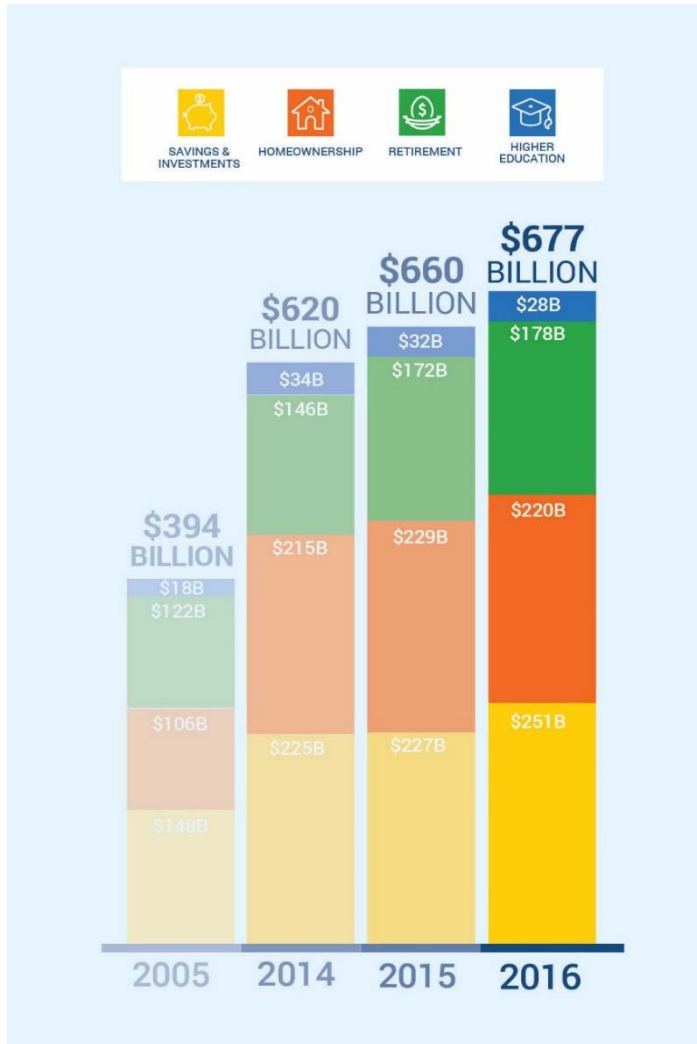
# WHAT'S AT STAKE WITH H.R. 1



## EXACERBATING THE RACIAL WEALTH DIVIDE

MEDIAN HOUSEHOLD WEALTH: 1983-2016



# THE RISING COST OF UPSIDE TAX PROGRAMS

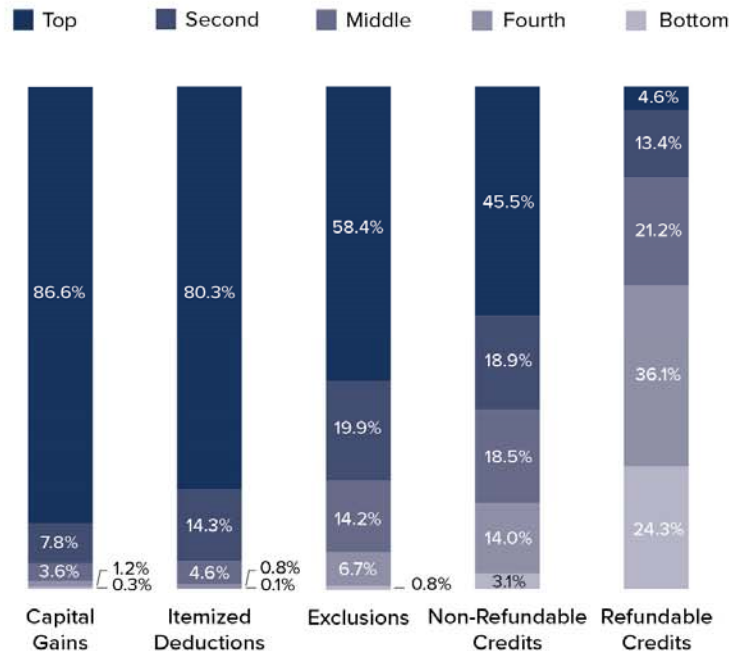


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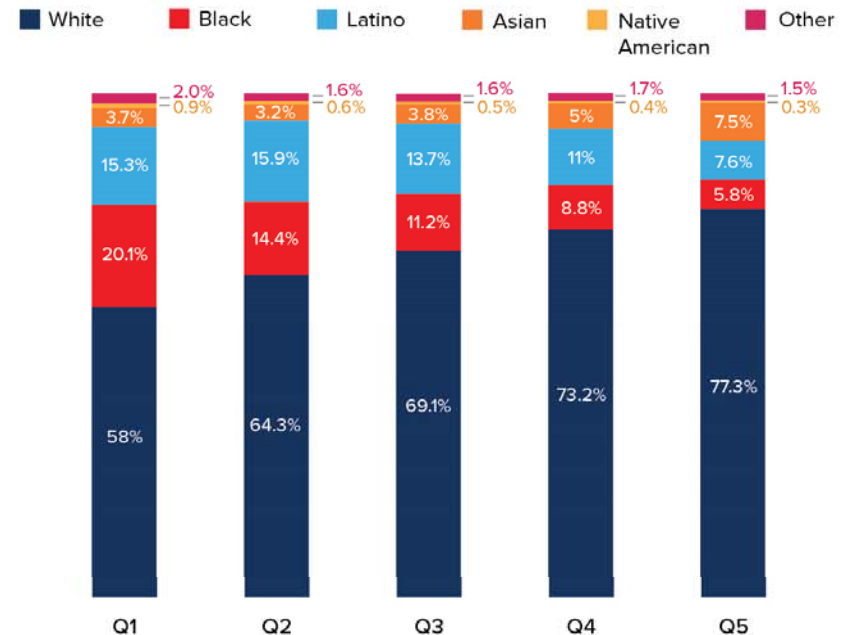
## Who Benefits from the Tax Code?

SHARE OF TAX SUBSIDIES, BY INCOME QUINTILE (2015)



Source: Eric Toder, Daniel Berger, Yifan Zhang: "Distributional Effects of Individual Income Tax Expenditures: An Update," Urban-Brookings Tax Policy Center, September 2016.

DEMOGRAPHIC COMPOSITIONS OF INCOME QUINTILE, BY RACE AND ETHNICITY (2015)



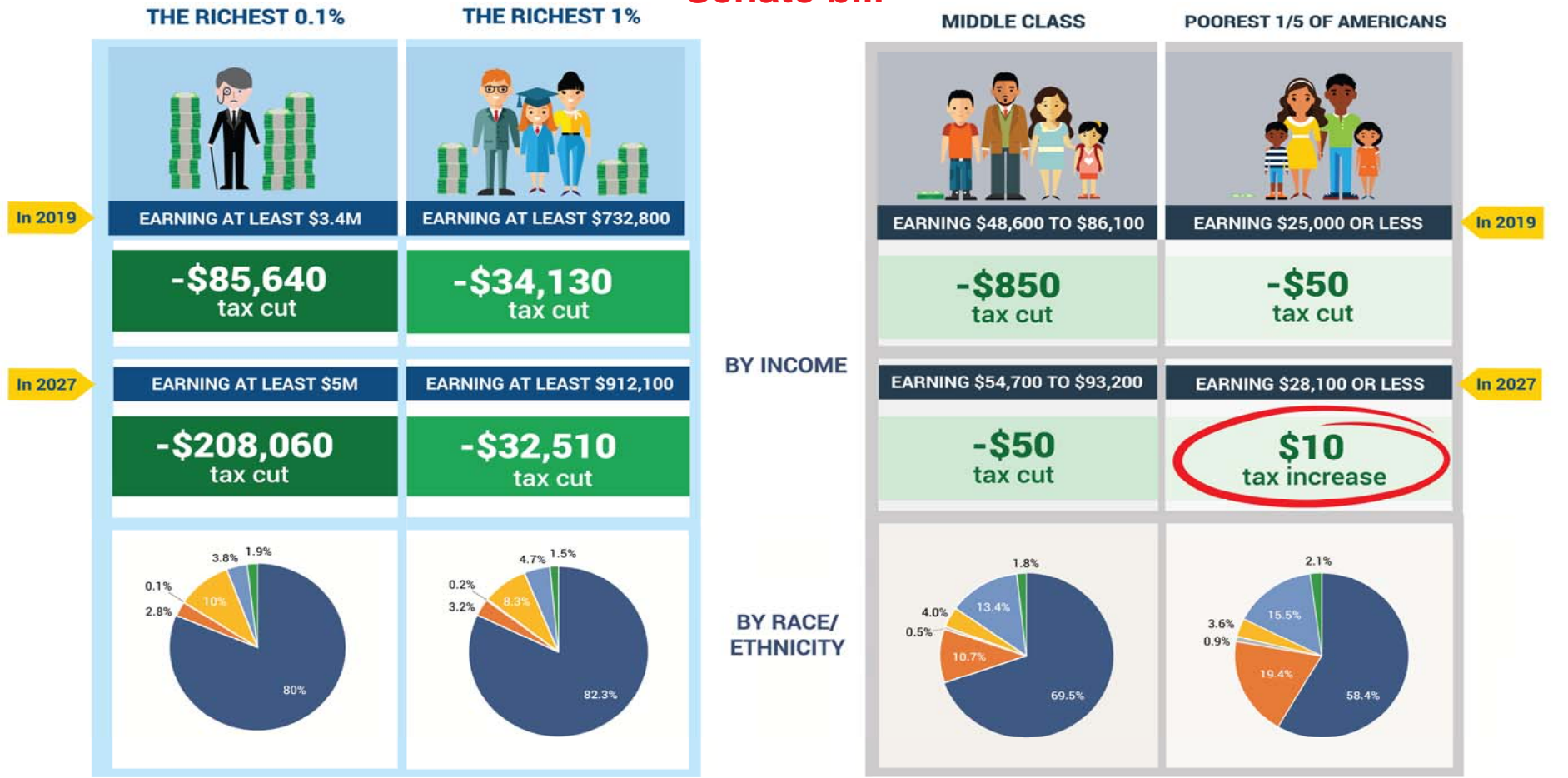
Source: Prosperity Now analysis of 2015 American Community Survey data, using income breaks (in 2015 dollars) developed by the Urban-Brookings Tax Policy Center.

The income quintiles used in the graphs above were developed by the Urban-Brookings Tax Policy Center and are as follows (in 2015 dollars): bottom quintile (\$0–\$22,800); second quintile (\$22,801–\$43,511); middle quintile (\$43,512–\$72,001); fourth quintile (\$72,002–\$112,262); top quintile (\$112,263 and up).

# WHAT'S AT STAKE WITH H.R. 1

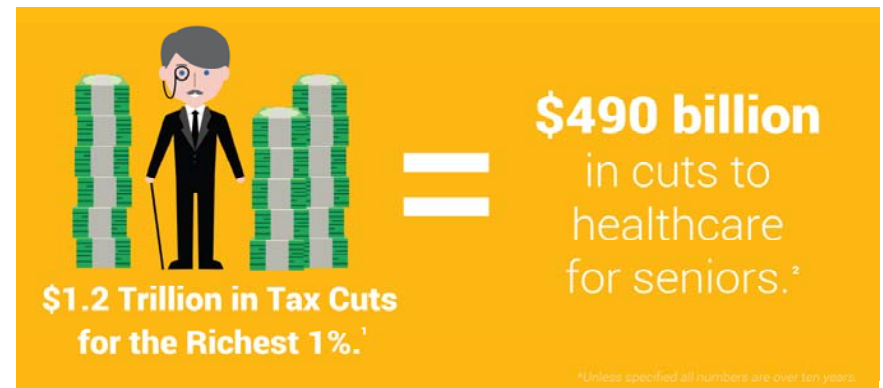
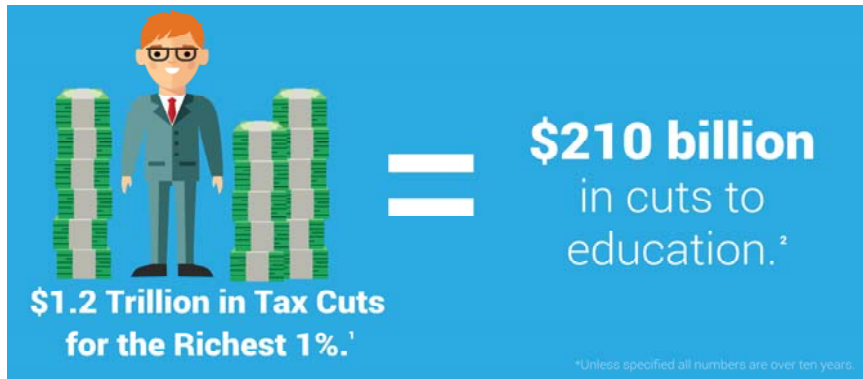
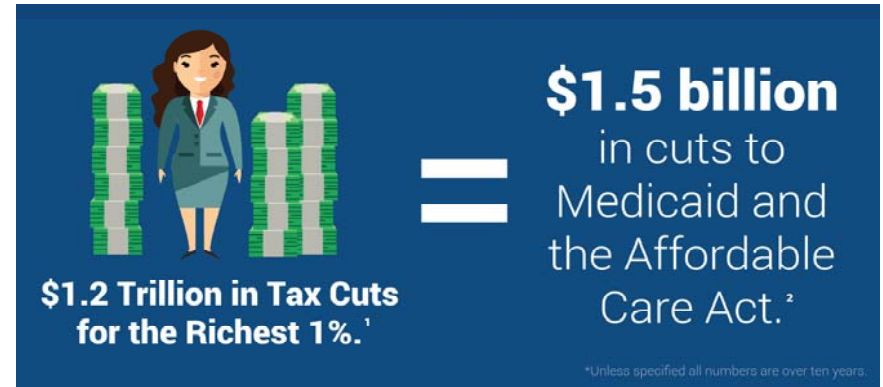
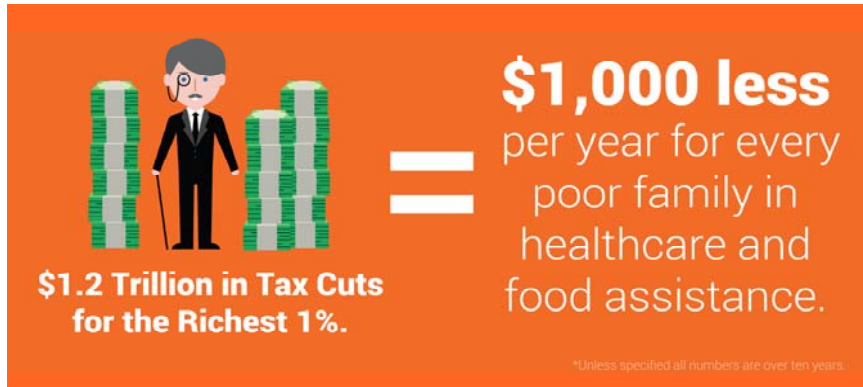
## EXACERBATING THE RACIAL WEALTH DIVIDE

### Senate bill



# WHAT'S AT STAKE WITH H.R. 1

## DEVASTATING CUTS TO CRITICAL PROGRAMS & SUPPORT



*Estimates based on House version of H.R.1 over a 10 year period*

# Federal Tax Plan Update

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**Chris Hoene**

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Budget & Policy Center

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California Budget  
& Policy Center



# What's Happening Now and What Happens Next?

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- The latest news? What happened in the last 24 hours?
- What happens next? Process, and timelines, and the California context
- Tax cuts don't happen in isolation – the implications for the federal budget

# What Do GOP Tax Plans Mean for California?

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- Who Benefits?: The tax plan is heavily tilted toward the wealthiest households and corporations
- Implications for low- and middle-income households
- Implications for asset-building policies and programs

# Impact of the Tax Plan on Women

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## Amy Matsui

Senior Counsel and Director  
of Government Relations,  
National Women's Law  
Center

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# Who Does This Plan Help?

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**The super-rich and corporations – but not the families who need it most:**

- Female-headed households are *underrepresented* in the top 20 percent of households, and *overrepresented* in the lowest income quintile.
- 87 million families with incomes under \$200,000 will see their taxes go up.
- By 2027, families with children in the bottom two income quintiles would see their taxes increase.



# The GOP Tax Plan Will Hurt Women Now....

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- Repeal of individual mandate will cause 13 million to lose health insurance, increase in premiums, and chaos in the marketplace
- Loss of SALT deductions both increases tax bill for families in states with high taxes AND puts state programs and services funded by those taxes at risk
- Loss of deductions that offset “employment expenses” hurt workers

# And Hurt Women in the Future....

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Republicans will seek offset the \$1.5 trillion increase in the deficit through cuts to programs that women and their families rely on to make ends meet, like:

- **Medicaid.** The budget Congress passed calls for over \$1 trillion in cuts to Medicaid. Medicaid provides health care coverage to over 33 million women and girls, and women comprise more than half of adult Medicaid recipients.
- **Nutrition Assistance.** In FY 2015, women comprised the majority of adult SNAP recipients (62 percent of nonelderly and 64 percent of elderly recipients).
- **Child Care.** The Child Care and Development Block Grant (CCDBG) provides assistance to help low-income families with their child care costs. Yet due to insufficient funding, CCDBG and related programs reach fewer than one out of six eligible children.



# Purported Benefits Don't Live Up to the Hype.....

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- Increased standard deduction largely offset by elimination of personal deductions
- Child Tax Credit increase doesn't help lowest-income families AND restricts access for significant numbers of children in immigrant families . . . but increases eligibility for families making six figures.
- Paid leave credit is small, and expires after only 2 years.

**BOTTOM LINE: THIS TAX BILL DOES NOT HELP WOMEN AND THEIR FAMILIES**

# What *Would* Help Women and Families With Children?

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- Ensure enough revenue to fund programs that serve low-income families and support children's development.
- Invest in Child Care & Development Block Grant.
- Enact the Child Care for Working Families Act of 2017.
- Improve the CTC and EITC in ways that help low-income families.
- Improve the Child and Dependent Care Tax Credit by:
  - Making it refundable
  - Increasing the percentage of expenses and improving the “slide”
  - Increasing the amount of expenses that can be claimed

# NWLC Resources

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- Factsheet: <https://nwlc.org/wp-content/uploads/2017/11/GOP-Tax-Plan-Whats-at-Stake-for-Women-and-Families-FINAL.pdf>
- Blogs: <https://nwlc.org/blog/a-tax-plan-that-hurts-women-and-families/>
- Sign on letter: <https://nwlc.org/wp-content/uploads/2017/11/Sign-On-Letter-from-Womens-Community-Opposing-Tax-Bill-11-29-17.pdf>
- Take Action: <https://nwlc.org/call-your-rep-before-the-tax-vote/>

# Q&A

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