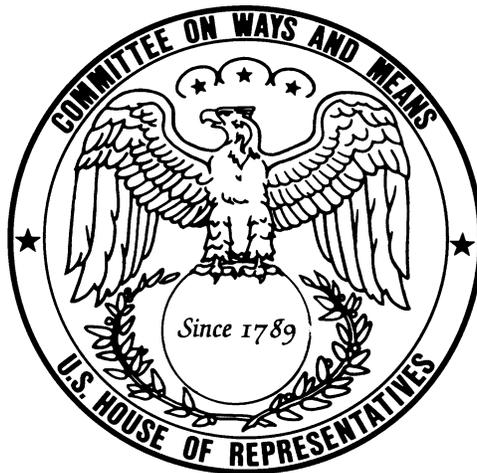


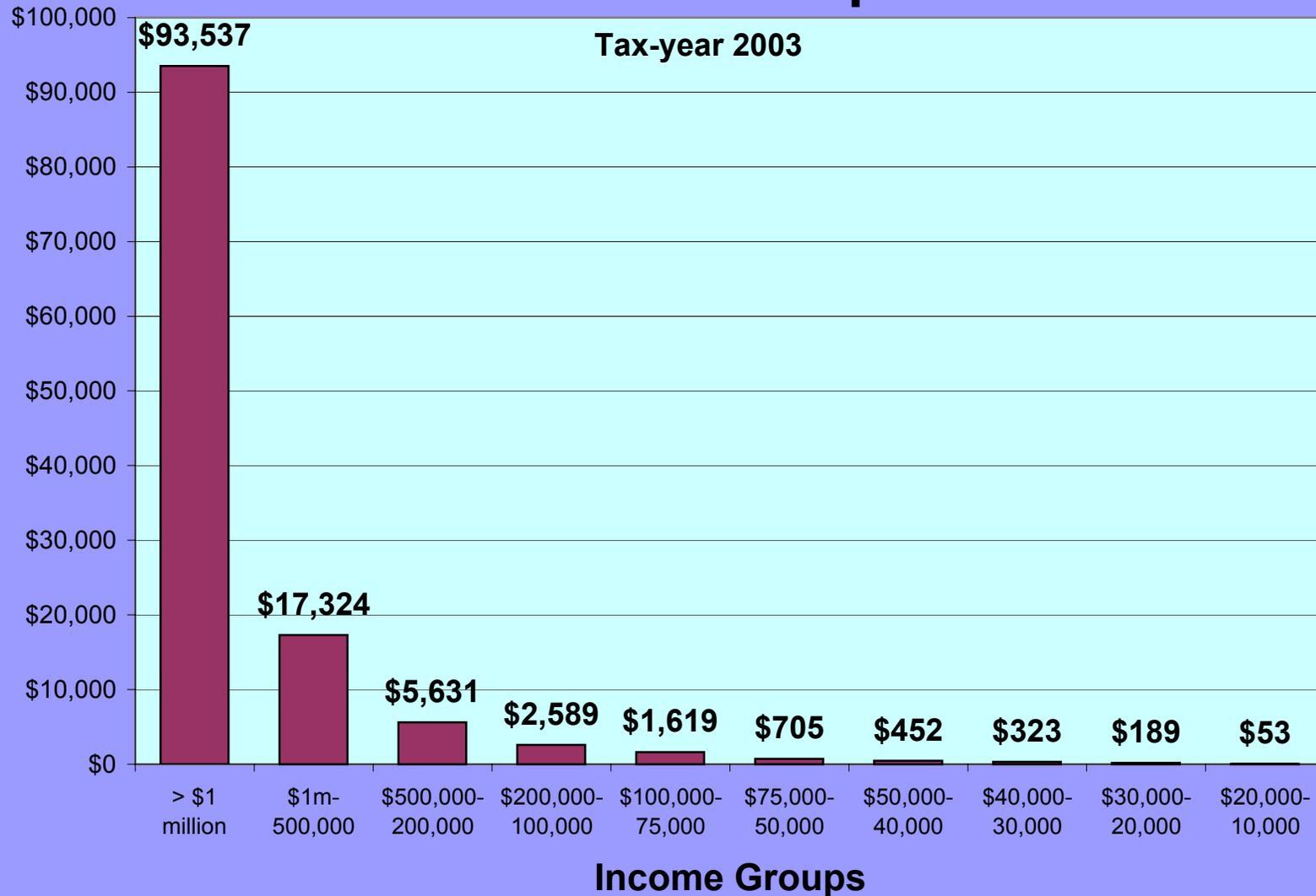
**Chart Package  
Relating to  
HOUSE REPUBLICAN TAX CUT BILL**



Prepared by the Democratic staff of the  
Committee on Ways and Means  
at the direction of The Honorable Charles B. Rangel

May 8, 2003

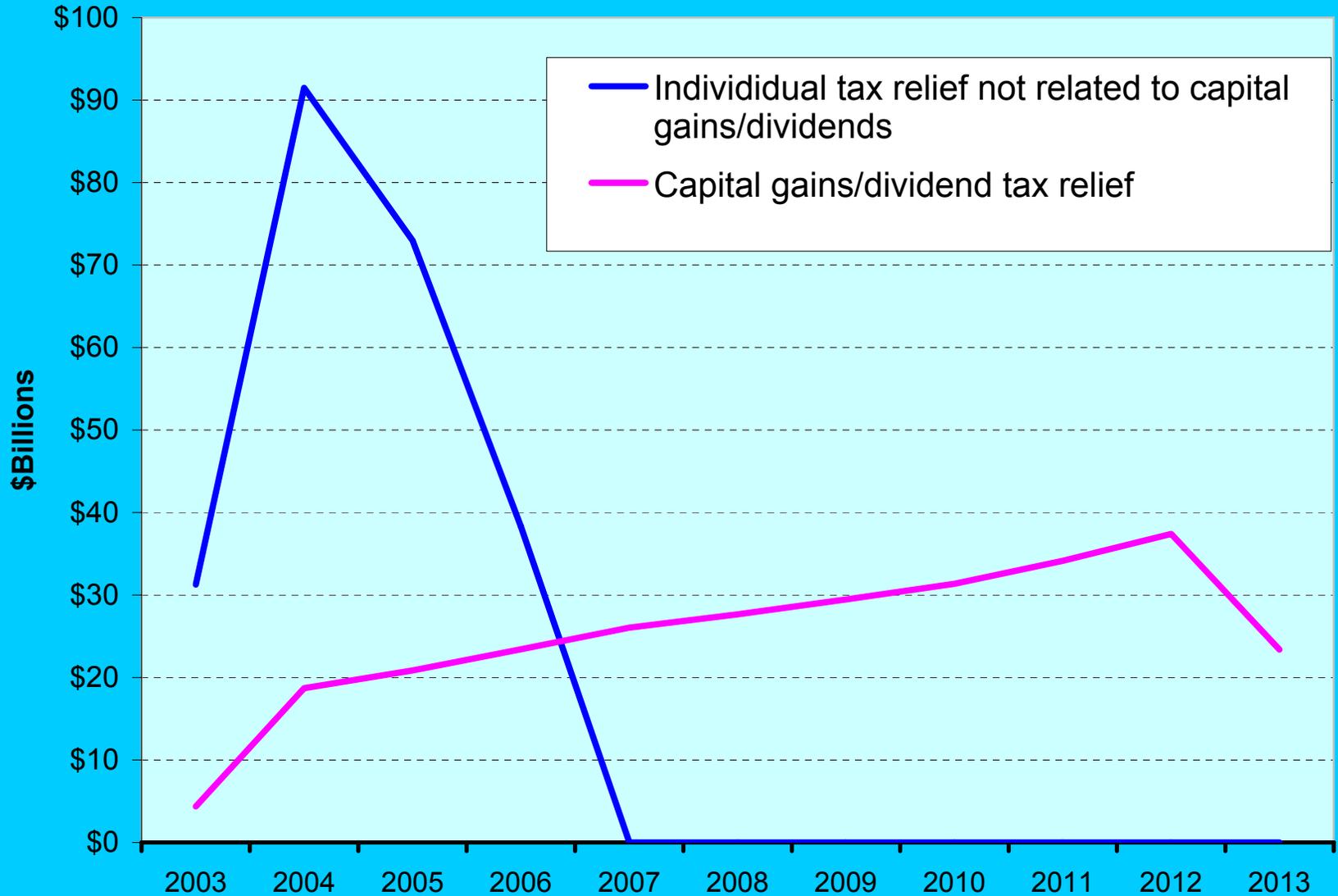
# No Millionaire Lags Behind: Distribution of Tax Cuts in the House Republican Tax Bill



Source: Brookings/Urban Institutes Tax Policy

Ways & Means Democratic Staff, 5/7/03

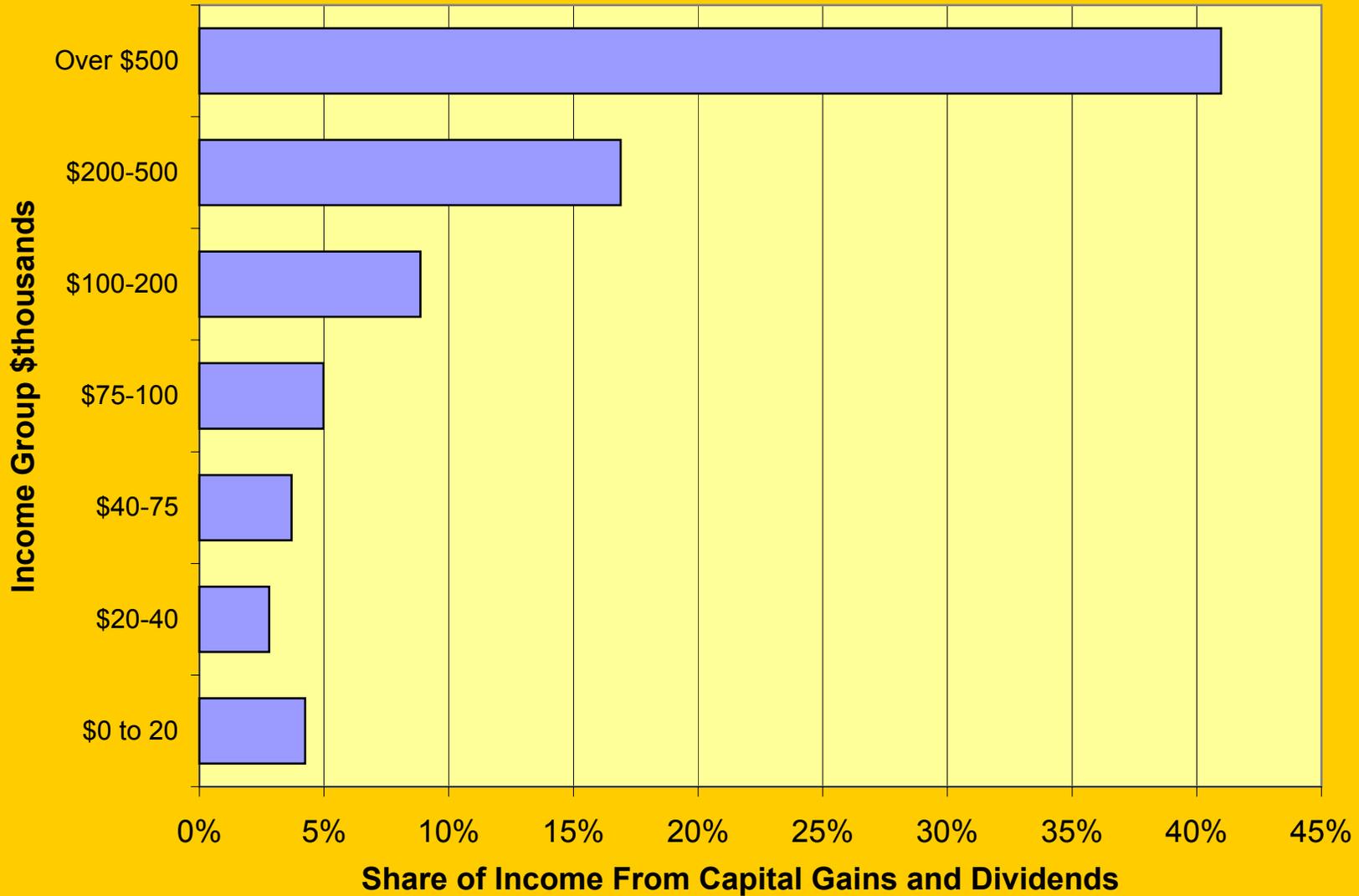
# Bait and Switch: The Tax Bill Starts One Way and Then Switches to Capital Gains / Dividend Tax Relief that Mostly Benefits the Affluent



Sources: JCT estimates

Ways & Means Committee Democratic Staff, 5/7/03

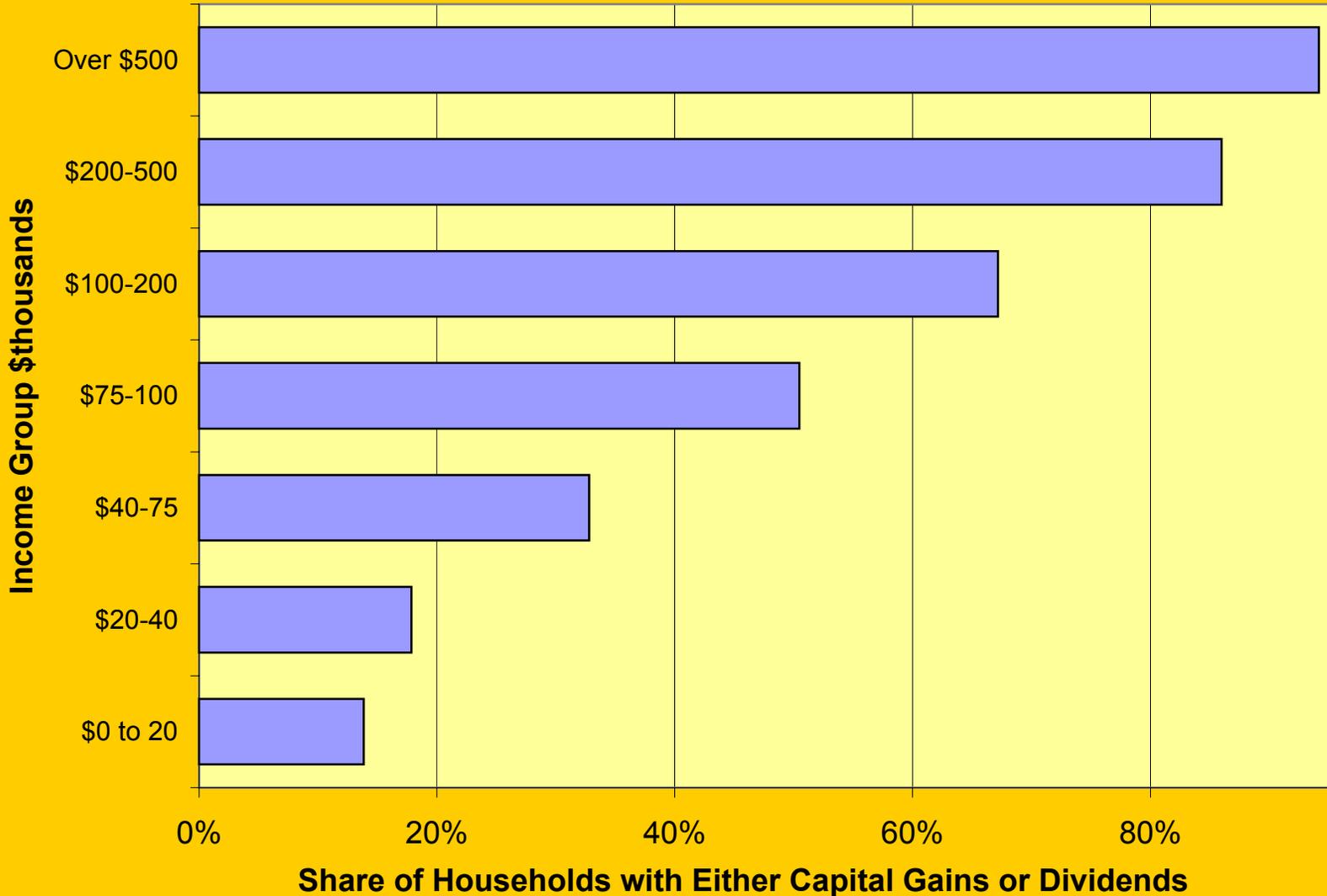
## Capital Gains and Dividends Matter the Most to the Affluent Who Therefore Benefit the Most From the Thomas Plan



Source: IRS on 2000 income tax returns

Ways & Means Democratic Staff, 5/1/03

# Much Higher Percentages of Affluent Households Have Capital Gains or Dividend Income Than Others



Source: IRS on 2000 income tax returns

Ways & Means Democratic Staff, 5/1/03

## Comparison of the Cost of Tax-Cut Packages

2003-2013 totals in billions of dollars; Thomas expirations in *[brackets]*

	Bush package	Thomas package	Thomas if tax cuts did not expire
Dividends and capital gains	396	296	296
Top-bracket rate reductions, effective 2003	74	74	74
Child tax credit increases, effective 2003 <i>[expires 2005]</i>	90	44	90
Widen 10% bracket, effective 2003 <i>[expires 2005]</i>	45	18	45
Tax breaks for married couples <i>[expires 2005]</i>	55	45	55
Expand amount of business expensing <i>[expires 2005]</i>	29	9	29
Increase AMT exemption <i>[expires 2005]</i>	37	41	41
Expand/extend bonus depreciation <i>[expires 2005]</i>	n.a.	25	400
Extend write-offs for net operating losses <i>[expires 2005]</i>	<u>n.a.</u>	<u>0</u>	<u>30</u>
<b>TOTAL</b>	726	550	<b>1,020</b>

Source: Center of Budget and Policy Priorities, May 5 2003, using estimates from the Joint Committee on Taxation and the Center on Budget and Policy (*italics*)

**THE ORIGINAL BUDGET SURPLUSES HAVE  
VANISHED AND TURNED INTO DEFICITS AT EACH  
STEP OF THE POLICY PROCESS.**

**THE REPUBLICAN PLAN IS TO GROW THE DEFICITS  
AGAIN WITH MORE TAX CUTS.**

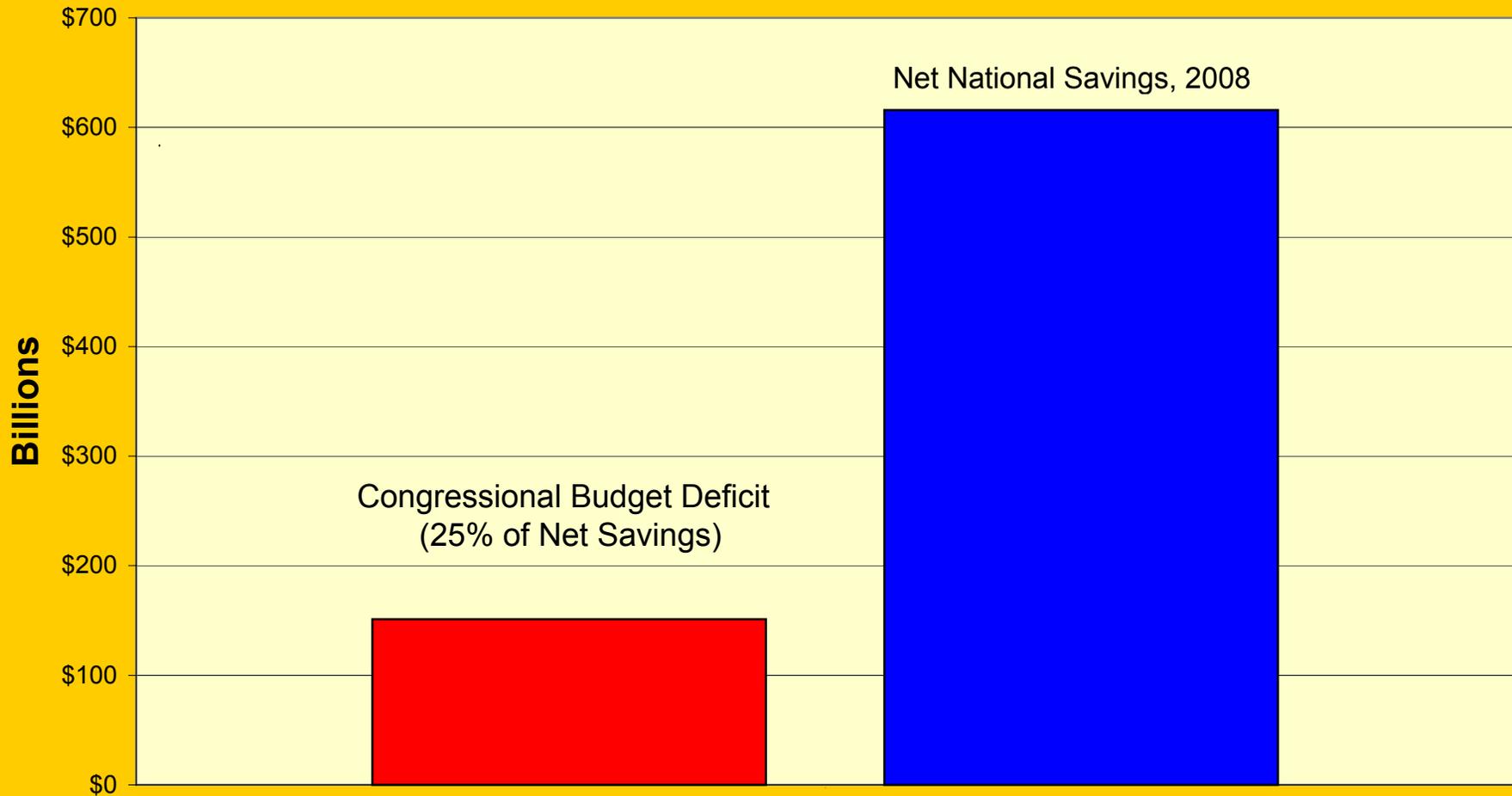
**Year 2008 Surplus/Deficit**

	<u><b>Non-Social-Security Budget</b></u>
<b>1. 2001 CBO Budget Projection</b>	<b>\$366 billion surplus</b>
<b>2. 2003 CBO Budget Projection after first round of tax cuts</b>	<b>-\$224 billion deficit</b>
<b>3. 2003 Republican Congressional Budget with the next round of tax cuts</b>	<b>-\$405 billion deficit</b>

The emerging 2008 deficits cannot be blamed on war or the economy because Republican are taking action to make the deficits bigger.

What happened to the Social-Security lock box, for which 211 House Republicans voted in 2001?

**THE REPUBLICAN BUDGET DEFICIT, EVEN FIVE YEARS FROM NOW, WILL BE 25% COMPARED TO NATIONAL SAVINGS AND WILL SUBTRACT FROM IT. NATIONAL SAVINGS IS WHAT PAYS FOR CAPITAL FORMATION AND GROWTH**



*Net national savings amount is consistent with CBO baseline economic forecast. Net national savings is private savings less depreciation of capital and net of government budget imbalances.*

Ways & Means Committee Democratic Staff; 5/7/03