



Economic Security Project: Tax Fairness Champions Event

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“The only accomplishment [of the House bill], its only point, would be to give shockingly the largest tax breaks mainly to the highest income individuals in the country. Now, I want to stress that that's not just unfair. Beyond being unfair, it's also harmful to the economy. It's harmful to the economic resilience of families across California. It's also harmful to the families across the nation as a whole. Before I get into that, I wanted to just express how recklessly unfair it is. The bill would give \$4.5 trillion in tax breaks. Now, the typical taxpayer would see about an \$800 tax break. It sounds great, right? But that really is a wolf in sheep's clothing, okay? By comparison, the top 0.1% of tax filers in this country will, on average, get nearly \$400,000 in tax breaks. So, collectively, they as a group, will get as much in this tax breaks as half of all tax filers in the U.S. That's nearly 100 million tax filing families. That's the same amount of tax breaks that they get. And once you account for the cuts in health insurance, SNAP food supports, limiting eligibility for the child tax credits, [you find that] lower income families are actually hurt by the bill.

So that's just give you a sense for how unfair the tax bill is, but as I mentioned before, this isn't just about being a trickle up policy. The policy actually hurts us economically as a country. So Medicaid, SNAP, the title checks credits, they aren't just redistribution. The way I think about it is that they're actually critical investments into people to safeguarding family balance sheets. Studies show that people with Medicaid manage their chronic diseases better. They have better mental health. Medicaid also very clearly leaves sharp drops in medical debt, and it completely eliminates catastrophic medical expenses. This improves family balance sheets. It improves access to credit, and improves financial resilience. Case in point: adults who, as children were on Medicaid, pay more in taxes and they receive less earned income tax credits because they earn more as adults, because of their experience on Medicaid as children, having those supports.

Now, many Republicans have argued over the years that investing in people, investing in infrastructure, like housing, better roads, high speed internet, these things are too expensive. But in one fell swoop, the House bill will cut taxes by \$4.5 trillion, mostly going to the highest income earners. And I know it's kind of hard to get a sense for what \$4.5 trillion is. You know, I served in the Obama Administration, I was the OMB's Chief Economist, so I'm used to seeing these national budget numbers, but just to give you a sense for that is. 4.5 trillion is over 10 times the cost of the historic once-in-a-generation investments in public infrastructure from the bipartisan infrastructure law signed by President Biden during the Biden administration. And to fund these massive, regressive tax cuts, the House bill would balloon the debt, and the long-term implications of that would be eventually to raise everyone's borrowing costs and to reduce economic opportunities.

So on every front, the House bill does exactly opposite of what we need. So instead of possible policies like this, we in California and the rest of the country, need to invest in people, invest in communities, in good times, and especially in times of need. We need to ensure that companies are competing fairly so that the ingenuity of people and businesses are truly rewarded, and we need a tax system that rewards work and talent, and not wealth. In short, we need an economy that serves the people. And to have an economy that

serves the people, we need a government that serves the people. Thank you."