your NY23rd

Help Take It Back

The Tax Cuts and Jobs Act of 2017's effects on NY's 23rd Congressional District

Executive Summary

The Tax Cuts and Jobs Act of 2017 is projected to increase debt as a share of GDP over 5 percentage points to 97 percent of GDP in 2027, and almost 4 percentage points, to 117 percent of GDP, in 2037. The richest fifth of Americans receive 71 percent of the benefits of the law in 2018. That same group would receive 65 percent of the benefits of an extension of the temporary provisions in 2026.

Of the 272,324 households in the 23rd Congressional District, 99,362 households (36%) make less than $35,000/year, and more than 16 percent of District residents live under the federal poverty line. Residents of NY's 23rd Congressional District will experience few of the benefits of the tax legislation.

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National Analysis of the Tax Cuts and Jobs Act[1]

The Tax Cuts and Jobs Act was signed into law by President Trump in late December 2017 to take effect on January 1, 2018. The bill would reduce taxes on average for all income groups in both 2018 and 2025. In general, higher income households receive larger average tax cuts as a percentage of after-tax income, with the largest cuts as a share of income going to taxpayers in the 95th to 99th percentiles of the income distribution. On average, in 2027 taxes would change little for lower- and middle-income groups and decrease for higher-income groups. Compared to current law, 5 percent of taxpayers would pay more tax in 2018, 9 percent in 2025, and 53 percent in 2027.

The macroeconomic effects of the legislation include a 0.8 percent boost to US gross domestic product (GDP) in 2018 and little effect on GDP in 2027 or 2037. The projected increase in taxable incomes would reduce the revenue loss arising from the legislation by $186 billion from 2018 to 2027 (around 13 percent). Because most of the individual provisions expire after 2025, we expect deficits (not including interest costs) would decline by $415 billion from 2028 to 2037, and macroeconomic feedback would boost the deficit savings by $3 billion over that interval. Including macroeconomic effects and interest costs, the legislation is projected to increase debt as a share of GDP over 5 percentage points in 2027 to 97 percent of GDP, and almost 4 percentage points in 2037 to 117 percent of GDP.

The law provides most of its benefits to high-income households and foreign investors while increasing taxes on some Americans. The law is more harmful to low and middle-income households in the years after 2025 because the benefits to those households are scheduled to expire at the end of that year, while some provisions raising their taxes are permanent. Proponents of the law now propose to enact legislation that would make the temporary tax provisions permanent, describing this as a proposal to make permanent the “middle-class tax cuts.” These proponents implicitly acknowledge that many of the provisions of the tax law that are permanent — like the cut in the corporate tax rate — mainly help high-income households. They argue that the temporary provisions are ones that benefit the middle-class and that even those who opposed law should support making permanent or extending these provisions.

[1] Information obtained from the Tax Policy Center (TPC), The Institute on Taxation and Economic Policy, Federal Funds Information for States, and the U.S. Census American Community Survey. The TPC is a joint venture of the Urban Institute and Brookings Institution, and made up of nationally recognized experts in tax, budget, and social policy who have served at the highest levels of government. The information included in this report is from the TPC's distributional estimates of the conference agreement for the Tax Cuts and Jobs Act as filed on December 15, 2017 and the analysis of the Institute on Taxation and Economic Policy.

Extending the temporary tax provisions in 2026 would not be aimed at helping the middle-class any more than the law as enacted helps the middle-class in 2018. The richest fifth of Americans will receive 71 percent of the benefits of the law in 2018. This same group would receive 65 percent of the benefits of an extension of the temporary provisions in 2026 and would receive 71 percent of the benefits of the proposed extension combined with the law as already enacted.

This report presents background statistics, including how the current Congressman Tom Reed voted on certain related issues including the 2017 Jobs and Tax Bill. Of the 272,324 households in the 23rd Congressional District, 99,362 households (36%) make less than $35,000/year. Over 16% of District residents live under the federal poverty line.

Background Information on the 23rd CD

Poverty in the 23rd District		
All Families Living in Poverty	10.0%	
Families with Single-Mom Householder		30.3%
All Individuals Living in Poverty		16.2%
Children Living in Poverty (Under 18 Years)		22.3%
Seniors Living in Poverty (65+ Years)		6.9%
Health Care Information		
Number of Uninsured By 2025 With Repeal of ACA Individual Mandate		18,700
Did Reed vote for the AHCA Bill?		Yes
Did Reed for the GOP Tax Bill?		Yes
General Background: Population and Household		
Total Population in District		703,717
Foreign Born		31,929
Total Households		272,324
Household Incomes		
Households Making Less Than $15,000 in Income		36,473
Households Making $15,000 to $34,999 in Income		62,898
Median Household Income		$48,730
Supplemental Nutritional Assistance Program (SNAP)		
SNAP Households		39,874
SNAP Households with Children		16,063
SNAP Households with Elderly		12,605

SNAP Retailers in District	627
SNAP Families Who Worked in 2015 (Households of 2 or More)	70%

Medicaid

Medicaid Recipients	158,519
Medicaid Recipients Under 18	77,253
Medicaid Recipients 65 and Older	12,933
Medicaid Recipients Who Are Female	84,070

Housing and Urban Development (HUD) Information

Individuals Receiving HUD Rental Assistance	22,465
Households Receiving HUD Rental Assistance	11,959
HUD Households with Children	3,820
Household Heads Receiving HUD Rental Assistance Who Are Single Mothers	3,093
Number of Household Head or Spouse Receiving HUD Rental Assistance Who are Disabled and/or Elderly	7,933

Social Security Information

EITC Tax Filers in 2014	55,582
SSI Beneficiaries in 2016	19,304
SSDI Beneficiaries in 2016	26,761

State and Local Tax Returns

Total State Tax Returns	301,876
Number of SALT Returns	64,926
Amount Deducted from SALT Returns ($1000s)	$758,826
Income/Sales Deduction as Percent of Total SALT Deduction	53.4%

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