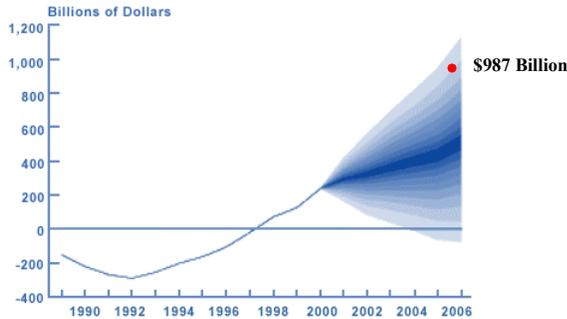


## Uncertainty in CBO's Projections of How Much Money will be Available to the Federal Government Under Current Policies

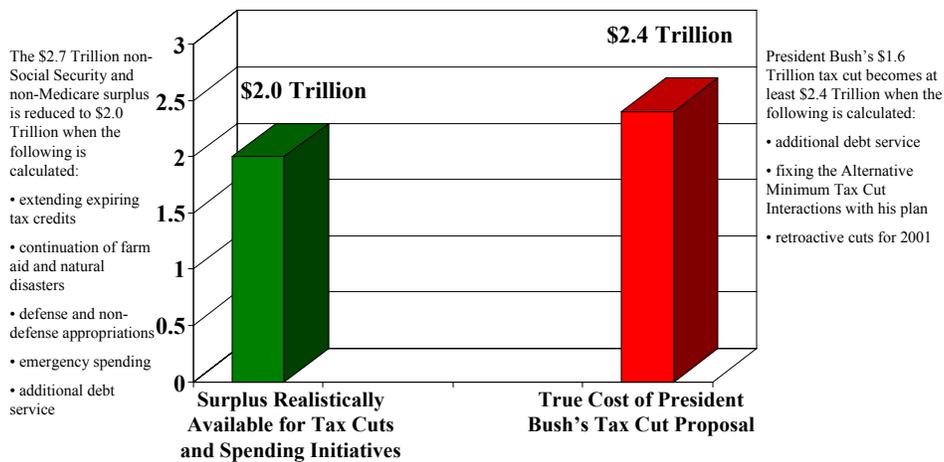


**This graph shows that we do not know how much money will be available to the federal government over the next 6 years. The \$1.6 trillion tax cut assumes that the federal government will have \$987 billion to use between Fiscal Years 2002 – 2006.**

Source: based on data from the Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2002-2011*, January 2001, page 94

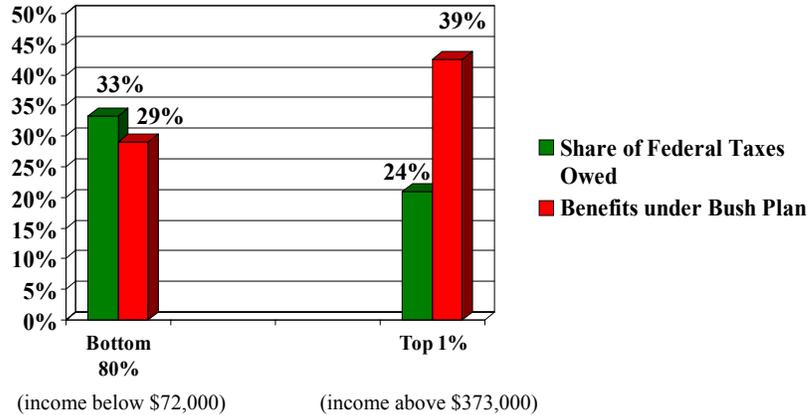
Notes: Assuming that policies do not change, the probability is 10 percent that actual surpluses will fall in the darkest area and 90 percent that they will fall within the whole shaded area.

## We Do Not Have Enough Money to Pay for the True Cost of the Bush Tax Cut



**In the unlikely event that the surplus projections are correct, we will be entering deficit spending on Bush's tax cut alone.**

## Tax Liability vs. Potential Benefits = Fuzzy Math



**The average household is left out to dry. The top 1% receives almost 40% of the relief offered by the tax cut although taxpayers in this range shoulder 24% of the tax burden. On the other hand, the bottom 80% receives 29% of the relief while shouldering 33%. This is not relief.**

Source: Center on Budget and Policy Priorities and Citizens for Tax Justice

## A Better Plan

Investing in America's Future:

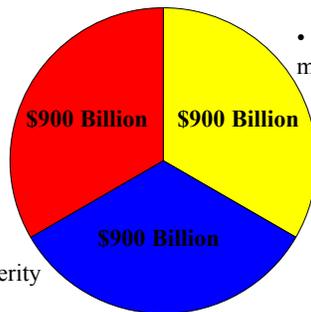
- Public schools
- Medicare Rx drugs
- Military pay raise
- Modern voting equipment
- Farm aid

Paying Down the Debt:

- For continued economic prosperity
- To keep interest rates low

Responsible Tax Cuts:

- That are fair
- That do not overly favor those making over \$373,000 a year



■ Tax Cuts ■ Pay Down the Debt ■ Investments in Our Future

**This pie graph illustrates that we can pay down the debt, fund necessary programs, and provide fair tax relief.**

Source: Democratic Policy Committee

## The Devil is in the Detail

### Proposed Income Tax Rate Reductions under H.R. 3

Tax Brackets for Married Couples	Current Rates	2001	2002	2003	2004	2005	2006
\$0 - \$12,000*	15%	12%	12%	11%	11%	11%	10%
<b>\$12,000 - \$45,200</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
\$45,200 - \$109,250	28%	28%	27%	27%	26%	26%	25%
\$109,250 - \$166,500	31%	31%	30%	29%	28%	27%	25%
\$166,500 - \$297,350	36%	36%	35%	35%	34%	34%	33%
Over \$297,350	39.6%	39.6%	38%	37%	36%	35%	33%

**•In Maine, for example, a household with a \$31,600 income will receive a tax break of \$506 once the cut is fully phased-in.**

Tax Brackets for Single Parents	Current Rates	2001	2002	2003	2004	2005	2006
\$0 - \$10,000*	15%	12%	12%	11%	11%	11%	10%
<b>\$10,000 - \$36,250</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
\$36,250 - \$93,650	28%	28%	27%	27%	26%	26%	25%
\$93,650 - \$151,650	31%	31%	30%	29%	28%	27%	25%
\$151,650 - \$297,350	36%	36%	35%	35%	34%	34%	33%
Over \$297,350	39.6%	39.6%	38%	37%	36%	35%	33%

**However, a household with an average salary of \$725,000 will receive \$33,999 once the cut is fully phased-in.**

**The average household does not receive relief. All income brackets, especially the top, receive rate reductions, with the exception of those making more than the first \$6,000 (\$12,000 per married couple) in the 15% bracket.**

Source: Congressional Quarterly House Action Reports, and Citizens for Tax Justice