

Communities of Color Will Be Hurt by Trump-GOP Tax Plan

Republicans are fast-tracking a partisan tax reform plan that threatens the enormous gains California has made towards providing access to health care for millions of Californians, especially people who live in communities of color. The GOP House and Senate tax plans would initiate a \$1.5 trillion tax cut targeted to the richest 1% and wealthy corporations ***paid for by deep cuts to health care including to Medi-Cal and Medicare.*** Low and middle income Californians will see very little tax benefit and will be disproportionately harmed by the loss or reduction of health care and other safety-net services including job training, college financial aid and food assistance triggered as a result of these proposals.

Taken together the GOP tax plans will:

- **Threaten Medi-Cal and Medicare and Weaken the ACA:** Congressional Republicans remain committed to repealing the ACA and cutting Medicaid and Medicare and this is how they plan to do it. Their 2018 budget resolution which set the stage for tax reform, calls for at least \$1.3 trillion in budget cuts to ACA subsidies and Medicaid and for “repealing or replacing the [ACA].”ⁱ Now Congressional Republicans are promising \$1.5 trillion in tax benefits for the wealthiest 1% and corporations paid for by massive cuts to health care and other vital services. Communities of color, the majority of those newly insured under the ACA, have the most to lose – they represent close to 80% of Medi-Cal enrollees,ⁱⁱ 66% of Covered California enrollees,ⁱⁱⁱ and 42% of Medicare enrollees.^{iv}
- **Increase the Tax Burden on Californians, including those with chronic conditions:** Californians will be even harder hit by Trump-GOP tax proposals thanks to several provisions that target deductions that individuals living in high-tax states like New York, New Jersey and California rely on. ***Despite the potential harm to Californians, all 14 of California’s GOP representatives voted for these tax reform proposals.*** Both the House and Senate proposals eliminate the individual state and local tax deduction (SALT) an important source of revenue for state and local governments, used to fund quality education, infrastructure and other local priorities.^v The House bill also scales back the mortgage interest deduction from \$1,000,000 to \$500,000 which will make it much harder for middle income Californians who live in metropolitan areas in the state to afford homeownership. The House bill also eliminates a key deduction for medical expenses which is critical for families caring for individuals with chronic conditions. The deduction provides tax relief for families whose out-of-pocket medical expenses exceed at least 10% of their income. Many of these

expenses are for long-term care which is typically not covered by insurance. As many as 8.8 million individuals nationally, mostly seniors with incomes \$75,000 or below took advantage of this deduction in 2015 according the American Association of Retired Persons (AARP).^{vi}

- **Widen the Wealth Gap and Drive the U.S. into Deeper Deficit by Targeting Tax Benefits to the Wealthiest 1% and Corporations:** Under the Trump-GOP proposals, California's low and middle income earners will see minimal tax cuts compared to the wealthiest individuals in our state and some mid-income individuals may actually see their taxes increase.^{vii} According to new estimates released by the Institute on Taxation and Economic Policy (ITEP) corporations and the richest 1% of Americans, the majority (79%) White,^{viii} would receive the largest share of tax cuts compared to low and middle income households, with the benefits growing even more generous over time. In contrast, many of the reforms targeted to low and middle income individuals are designed to expire or become less generous over time. These tax reforms will only deepen the federal deficit, widen the income gap in California and exacerbate wealth inequality for communities of color. A report based on 2013 data, found that wealth inequality has grown along racial and ethnic lines since the Great Recession of 2008. In 2013, White households had nearly 13 times as much wealth on average as Black households and 10 times that of Latino households compared to 8 times the amount of wealth in 2010.^{ix}

We need you to make your voice heard TODAY! Congressional Republicans are planning to bring their tax proposals to a vote in November. What little benefits Californians have to gain from these tax proposals will be overshadowed by impending cuts to health care and other vital services. We need a tax proposal that benefits everyone, not just the wealthiest 1% and corporations, paid for by massive cuts to Medicaid and Medicare. Join us as we call on our Congressional leaders to protect the gains we have made in California under the ACA and prevent vulnerable communities from losing access to care. Updated November 13, 2017.

ⁱ "Senate Budget Plan Threatens Health Programs," Center on Budget and Policy Priorities, updated November 9, 2017. <https://www.cbpp.org/research/federal-budget/senate-budget-plan-threatens-health-programs>

ⁱⁱ Research and Analytic Studies Division. Medi-Cal Monthly Enrollment Fast Facts, May 2017. California Department of Health Care Services. http://www.dhcs.ca.gov/dataandstats/statistics/Documents/Fast_Facts_ADA_May_17_FINAL.pdf

ⁱⁱⁱ Covered California Data & Resources. 2016 March Profile: <http://hbex.coveredca.com/data-research/>

^{iv} Kaiser Family Foundation, "Distribution of Medicare Beneficiaries by Race/Ethnicity," 2015. <http://kff.org/medicare/state-indicator/medicarebeneficiaries-by-raceethnicity/?currentTimeframe=0>

^v "Description of the Chairman's Mark of the "Tax Cuts and Jobs Act," prepared by the Joint Committee on Taxation, November 9, 2017. <https://www.finance.senate.gov/imo/media/doc/11.9.17%20Chairman's%20Mark.pdf>

^{vi} "Seniors with High Unreimbursed Health Care Costs: Who Are They?" AARP Public Policy Institute. November 2017. <https://www.aarp.org/content/dam/aarp/ppi/2017/10/seniors-with-high-unreimbursed-health-care-costs.pdf>

^{vii} "New Estimates Show How Far the Benefits of the House Tax Bill Tilt to the Wealthy," California Budget & Policy Center, November 8, 2017. <http://calbudgetcenter.org/blog/new-estimates-show-how-far-benefits-house-tax-bill-tilt-wealthy/>

^{viii} Brown, Lewis Jr. and McCulloch, Heather. PolicyLink. 2014. "Building an Equitable Tax Code: A Primer for Advocates," http://www.policylink.org/sites/default/files/pl_brief_tax_110714_c_0.pdf

^{ix} Kochhar, Rakesh and Fry, Richard. "Wealth Inequality Has Widened Along Racial, Ethnic Lines Since End of Great Recession." Pew Research Center. December 12, 2014. <http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>