

MYTHS VS. FACTS

THE REPUBLICAN TAX CUT BILL

Congressional Republicans and President Trump recently passed a historic tax cut bill that expands and makes permanent the Tax Cuts and Jobs Act. The legislation reduces taxes on small businesses and ordinary Americans. Still, Democrats and their media allies are working overtime to promote falsehoods in a desperate attempt to discredit this major political achievement.

Here are the biggest myths they are peddling and the real facts:

Myth: The Bill is Tax Cuts for the Rich

"Their primary objective is to enact massive tax cuts for their billionaire donors and wealthy corporations." - Rep. Hakeem Jeffries

Fact: This worn-out talking point has no bearing on reality. Most of the tax cuts in the bill specifically target hardworking Americans and small businesses and are off-limits to the rich and corporations. For instance, the bill's expansion and permanence of small business tax deductions and expensing are available primarily to Main Street small businesses—cafes, bars, auto shops, carwashes, record stores—that are the beating heart of American communities and the backbone of our economy.

The bill also exempts tips and overtime pay from taxes. How many rich servers or hourly workers do you know? Even the expanded State and Local Tax deduction is off-limits for high earners. The bill expands the standard deduction, boosts the child tax credit, and cuts taxes for seniors—i.e., ordinary folks, not the rich.

According to the left-leaning Joint Committee on Taxation, the bill lowers the tax burden on those making between \$30,000 and \$80,000 by 15%. The JCT's analysis finds the tax bill will reduce the effective tax rate for those earning less than \$100,000 to around 10% or less, while the wealthiest will pay effective rates that are close to 30%.

Myth: The Bill Increases the Deficit

"They know it's going to increase the deficit by up to five trillion dollars." - Sen. Chuck Schumer

Fact: Democrats and the media are pouncing on a Congressional Budget Office estimate that the GOP tax bill will reduce federal revenues by nearly \$4 trillion over the next decade. But what they don't mention is 1) that's a static score that doesn't account for the boosted economic growth that tax cuts produce by encouraging businesses, workers, and investors; and 2) the CBO's terrible prediction record of tax cut impacts.

Consider that if the tax cuts boost economic growth to a mere 3%, federal revenue will increase by more than \$4 trillion. This dynamic was exactly what we saw after the original TCJA. Despite dire predictions from the CBO, the economy and inflation-adjusted federal tax revenues (not including tariffs) significantly grew. Tax collections for fiscal 2024 were half a trillion dollars higher than CBO had projected even without the tax cut.

As President John F. Kennedy put it in 1963, "Reducing taxes is the best way open to us to increase revenues." The reality that Democrats and the media hide is that the deficit is 100% driven by overspending, which has ballooned from \$4.5 trillion per year before the pandemic to \$7 trillion today.

Myth: The Bill Guts Medicaid

"I voted HELL NO because this bill guts Medicaid..." - Rep. Sean Casten

Fact: Runaway Medicaid spending, which is now nearly \$1 trillion per year, threatens the long-term survival of this program for vulnerable Americans who actually need it. Due to Obamacare, the Medicaid population is increasingly made up of able-bodied people and those who aren't poor. More than six in 10 able-bodied adults on Medicaid report no earned income, meaning they choose not to work.

The Republican bill merely implements a modest work requirement for these folks who don't have dependents, something the overwhelming majority of Americans support. (Volunteering or schooling counts.)

The bill also requires more frequent eligibility checks to make sure benefits are going to American citizens who need it. For the Medicaid expansion population of the healthy, non-poor, the bill reduces federal cost-sharing from 90% to 80% and implements \$35 copays—putting a small financial responsibility on states and recipients. No changes apply to the traditional Medicaid populations (e.g., children, seniors, the disabled, pregnant women, etc.).

Medicaid spending will still significantly grow even with these changes, just at a slower rate. Only in Washington can a slower rate of spending be described as not just a cut but a gut.

Myth: The Bill Rips Away Food from Hungry Americans

"This Republican bill will mean more seniors, children, veterans, and people with disabilities go to bed hungry." - Sen. Amy Klobuchar

Fact: Spending on the federal Supplemental Nutrition Assistance Program (SNAP), a.k.a. food stamps, has more than doubled since 2019. The Republican bill doesn't rip away food stamps from anyone, let alone make anyone go to bed hungry. It merely asks states to pay their fair share of the cost.

The bill requires that states pay some of the cost of SNAP benefits for the first time ever if they have a payment error rate above 6% starting in 2028. By having skin in the game, states will more actively oversee eligibility, combat fraud, and promote employment among recipients. This cost-sharing requires states to take some responsibility over the welfare programs they manage and incentivizes them to empower their residents to self-sufficiency.

Similar to Medicaid, the bill also implements a SNAP work requirement and expands eligibility checks to reduce dependency and ensure the program goes to those Americans who truly need it.

