



## NEWS RELEASE

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For more information, contact:

Chris Sanders at (334) 832-9060 or Anne Singer at (202) 299-1066 ext. 27

### **Study: Obama Tax Approach Would Save More for Low-Income Alabamians**

*State's Top 1 Percent Would Pay \$34,040 Less on Average under GOP Plan on Bush Tax Cuts, Report Says*

Low- and middle-income Alabamians would pay higher federal taxes next year under congressional Republicans' approach to extending the Bush tax cuts than they would under President Obama's approach, according to [a study released Wednesday by Citizens for Tax Justice \(CTJ\) and the Institute on Taxation and Economic Policy \(ITEP\)](#). The report also finds that the top 1 percent of Alabama's income earners would pay \$34,040 less on average under the GOP approach to the 2001 and 2003 tax cuts than under the Obama plan.

"Both President Obama and congressional Republicans have proposed to extend far too many of these unaffordable tax cuts," CTJ director Robert S. McIntyre said. "But if we have to choose between the congressional Republicans' and President Obama's approach, the president's proposal is fairer and more responsible."

Obama supports permanent extensions of the 2009 expansions of the Child Tax Credit and Earned Income Tax Credit, a move that congressional Republicans oppose. Those differences mean the bottom fifth of Alabama income earners, on average, would pay \$210 more next year under the GOP plan than they would under Obama's proposal, CTJ finds. The state's middle fifth, meanwhile, would pay \$100 more under the Republican approach.

The GOP proposes to extend the Bush income tax cuts for all income levels, while Obama recommends allowing them to expire for incomes above \$250,000 for couples and \$200,000 for single people. (Only 1.3 percent of Alabamians would lose any of their Bush tax cuts next year under Obama's plan, CTJ estimates.) Congressional Republicans also support larger estate tax cuts than Obama does. The richest 1 percent of Alabamians would see an average tax cut of \$50,650 next year under the GOP plan, CTJ finds, compared to \$16,610 under Obama's proposal.

"If we want to stimulate the economy through tax policy, we need to be smart about it," ACPPE executive director Kimble Forrister said. "President Obama's tax plan puts more money in the pockets of consumers who will spend it right away, and it gives away far fewer tax breaks to millionaires who simply don't need any more tax cuts."

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**Arise Citizens' Policy Project** is a nonprofit statewide citizens' organization comprising 150 congregations and organizations dedicated to improving the lives of low-income Alabamians.

**Citizens for Tax Justice** is a public-interest research and advocacy organization based in Washington, D.C., that focuses on federal, state and local tax policies and their impact on the nation.