

Just Who Gets The Middle Class Tax Cuts?

The income tax created more criminals than any other single act of government. –Barry Goldwater

It was under Wilson, of course, that the first huge parts of the Marxist program, such as the progressive income tax, were incorporated into the American system. –Robert W. Welch, Jr.

Other than the corporate and small business tax cuts, Rush Limbaugh is not happy with this [tax plan](#). He has even gone so far as to call the whole program a suck-up to the Democrats' class warfare. He's right...progressive income tax is straight out of [Karl Marx's communist](#) manifesto. Additionally, the stock market is not showing a big rally for Cohn's plan. Trump has stated that he will accept no changes in the corporate and small business tax cuts, and he's right to take a stand because that alone will spur the economy and create good jobs.

Right up front, I'm going to tell you, I'm no tax specialist, I'm just reporting on what was being said by various Republicans. If you want total and complete knowledge on the entire rotten 1913 Income Tax and Federal Reserve legislation, read fellow journalist Devvy Kidd's articles, and buy her books. She truly is the scholar who has reported on and written about this so many times. Thank God for her! So, here we go, this is what was explained to the American Public on the 2nd and 3rd of November, 2017.

Historic Tax Cuts

Getting a major tax overhaul through Congress is difficult in any given year, the last time was 1986 under President Reagan. If you were working in 1986 and remember what happened to taxes, you won't want to see the same thing

again. The last time we reformed the tax code, the world (and our economy) was entirely different. It was 31 years ago when President Reagan signed the 1986 Tax Reform Act into law.

The **Tax Reform Act of 1986** (TRA) ([Pub.L. 99-514](#), 100 [Stat. 2085](#)), was enacted to simplify the income tax code, broaden the tax base and eliminate many tax shelters and deductions, just like the present one. Referred to as the second of the two “Reagan tax cuts” (the [Economic Recovery Tax Act of 1981](#) being the first), the bill was also officially sponsored by Democrats, [Richard Gephardt of Missouri](#) in the House of Representatives and [Bill Bradley of New Jersey](#) in the Senate. That should tell you all you need to know...

I remember it well. My husband and I had been married for only two years and because of Reagan’s tax cuts, we had to sell machinery in order to pay an extra \$16K in taxes because of “tax reform” that was supposed to help the middle class. Well, we were middle class then, just as we are now, and both of us were working. We ended up paying 32% more of my husband’s income, which left him basically with very little. Gary Cohn’s tax plan brings back those memories, it’s that bad.



**Economic Advisor,
Gary Cohn**

Top White House economic advisor Gary Cohn praised the [tax reform bill](#) and said President Donald Trump likely will support the measure so long as it preserves key elements.

Cohn is a former Goldman Sachs executive and is director of the National Economic Council. He said Trump can support the bill as presented, and he hopes to see something approved before the end of the year.

Cohn said, "We had to deliver a middle-income tax cut. Number two, we had to lower the business tax rate to make us competitive with the rest of the world," he said. "The bill that the House delivered today accomplished both of those objectives."

The bill allegedly cuts the number of tax brackets to four and lowers the corporate tax rate to 20%, small business to 25%. In addition, it raises the child tax credit and preserves retirement programs like the 401(k) and Individual Retirement Accounts.

Ivanka's child care tax credit ideas don't benefit America's children, albeit the plan has fallen short of what she wanted. [Link](#) She is encouraging mothers to put their children in day care. It is very difficult these days for couples with children to make it on one income, but it can be done, and for the child's welfare, moms should be home with them. [The Hill](#) claims the [family tax credit](#) would encourage mothers to stay home, but I'm not so sure. [Senator Mike Lee](#) is involved as is Marco Rubio and that concerns me. [Link](#)

Erik Paulsen on Stuart Varney

Despite all the rah-rah heard on Stuart Varney's Nov. 2, 2017 show on Fox Business, I am still not sold on the plan.

I watched Rep. Erik Paulsen, (R-MN), who sits on the Ways and Means Committee and who was singing the praises and advantages of this tax plan. He repeatedly stated that the middle class was getting huge tax relief, but I called three conservative Tennessee congress critters and they told me a different story. I called and asked, "What income span covers the middle class?" Well, it's not anyone who earns between \$75

and \$150K. Middle class, according to this plan, is between \$150k and \$500K. What?

Offices of Congress persons John Duncan, Chuck Fleishmann, and Diane Black all told me the same thing. **The middle class who earn between \$75 and \$150K receive absolutely no tax relief**, in other words, their taxes remain the same. In fact, we will probably be paying more in taxes. Why? Because we lose the state sales tax deduction, and we lose the medical deductions, and more. And guess what? This year alone it was \$4000 per person in deductible before our insurance paid, and next year, with Congress refusing to repeal Obamacare, it will be even higher out-of-pocket costs, but now we cannot deduct those outrageous costs from federal income tax.

Tell me again, what kind of relief this is for middle income taxpayers!!! I did not realize that middle income folks were in the income bracket of \$150 to \$500K. Then what are we who earn less? Chopped liver who fall between the cracks and get no relief and actually pay higher taxes? Sounds like the lower middle class gets destroyed again.

Doubling Standard Deduction, Bye-bye Exemptions

The tax plan will allegedly have only four brackets, 12%, 25%, 35% and 39.6%. The old highest rate is still in there. Rush Limbaugh explained that there is a [hidden 46% tax bracket for some Americans](#) which they are not mentioning. [Link](#) The plan also doubles the standard deduction, and creates a new family tax credit as mentioned above.

The “doubled standard deduction” in the tax plan is rather deceptive. If you do not itemize, you can use the standard deduction, which for married couples filing jointly was \$12,600. The Republican plan would replace previous provisions with a single deduction of \$12,000 (\$24,000 for married couples.) It’s rather involved, but is designed to encourage people to not itemize. [Business Insider](#) has an

overall explanation.

Taxpayers who do itemize their tax deductions for things like mortgage interest would pay tax on more of their income under the Republican plan. The proposal says "most" itemized deductions would be abolished anyway, but those for mortgage interest and charitable giving would be retained, but so much is lost. Republicans shouldn't say they're doubling the standard deduction without mentioning that they're also killing exemptions, something the Democrats have always promoted.

Few Deductions Maintained

A dear friend and great researcher said, "I have spent over five hours on it and have only covered a small portion of the bill." What she found is a destruction of the middle class.

Besides mortgage interest and charitable deductions, the plan maintains the property tax deduction, but only up to \$10,000. Under the proposal you can only take a deduction for mortgage interest and real estate taxes for your primary residence. Think how many millions of people from northern states have second homes in southern states. They will no longer be able to deduct and may have to sell causing real estate in those states to plummet.

I was raised in a suburb of Chicago, and the taxes on homes in middle class neighborhoods are now between \$10 and \$25K per year. This is just middle class, not upper middle class and is a big loss for middle income earners. My sister lives in Aurora, Illinois in a very modest home and her property taxes are \$14K per year. Outrageous...yes!

Rep. Erik Paulsen said the average family of \$59K is going to get about a \$1200 to \$1300 cut, which is about \$25.00 more in the paycheck per week for \$1300. The small business tax rate will be 25%, but corporate tax rate is 20%, and is permanent unlike the Bush tax cuts that easily went bye-bye with Obama.

Small businesses, as I well know, pay way too much every year via local, state and federal fees, licenses, and taxes.

The plan does maintain the 401K as is, and no changes to the IRAs, thank God for that, and the estate tax would be repealed after six years. About bloody danged time, wouldn't you say!

According to Limbaugh, the plan doubles the wealth redistribution of the [Earned Income Tax Credit](#), for citizens who pay absolutely no income taxes, (Karl Marx communist doctrine again) but eliminates the [Alternative Minimum Tax](#). Obamacare taxes for upper income earners are still in this tax program and that hurts big time.

It looks like health savings is out as well as deductions of medical expenses including nursing homes. College is only for five years. No moving deductions for job relocations. No longer is there an alimony deduction, no deduction for tax preparing, the gift tax is unreadable and much more.

Paulsen says there will be broad support for this plan, but there is so much that will cost the middle class that I cannot in good conscience support it.

Leftists May Move to Red States

No longer will the democratically controlled states, like those in the northeast and west, and Midwest's Illinois, be able to deduct their state and local income taxes from their federal income tax. Neither will we in states without state income tax be able to deduct our yearly sales tax from our federal income tax. Unfortunately, as we've seen in the past, liberal residents from Oregon and California, have moved to states like Washington, Idaho and Wyoming, and the demographics are changing from red states to blue states. Liberals from DC and Virginia have moved to North Carolina and are creeping into South Carolina.

This tax plan may well encourage more of the same with

democratically controlled high tax state residents moving to states like Alaska, Florida, Nevada, South Dakota, Texas, Washington, Wyoming, New Hampshire, and Tennessee who have no state income tax. The result could be turning more red states to blue. Just what the left desires.

President Kennedy's Tax Cuts

Back in 1963, right before his assassination, President Kennedy was pushing for massive tax cuts to bolster the economy. After he died, President Johnson pushed it through by promising massive spending cuts.

The final legislation cut taxes for individuals by about 19%, lowering the top statutory rate from 91% to 70% over two years, and the bottom rate to 14% from 20%. The corporate rate fell from 52% to 48%.

Current data shows that inflation adjusted Gross Domestic Product (GDP) increased 5.8% in 1964 after a 4.4% rise in 1963. Growth improved to 6.5% in 1965 and 6.6% in 1966. These were the three best back-to-back years for economic growth in the postwar era, and economists generally credit the Kennedy-Johnson tax cuts for much of it.

Back then we didn't have job losses from rotten trade agreements...

Conclusion

President Trump's goals are to bring relief to corporate America by lowering corporate tax rates to compete with other countries, thus greatly improving our economy and encouraging massive growth. That's fine, but the rest sucks big time, and does not bode well for the middle class.

Republicans have actually now [tweaked the plan](#) to reduce \$81 billion more for individual tax breaks.

Trump's tax plan numbers are far different than Kennedy's were

in the mid-1960s, but the exact same growth could occur with corporate tax cuts. I love the roll back of regulations by our President, but I also believe he has to massively cut spending.

Much of this plan hurts middle class taxpayers. Deductions that are necessary to our survival are being removed, and this is especially true for senior and elderly Americans.

Let Congress and the White House know how you feel. Do it!

Representatives **(202)-224-3121**

White House at **(202)-456-1111**

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E-Mail Kelleigh Nelson: Proverbs133@bellsouth.net