

THE BUSH TAX INCREASE

President Bush said on 2/12/04 that "we cut taxes, which basically meant people had more money in their pocket." However, for the majority of Americans, the tax cuts meant very little. By next year, for instance, 88% of all Americans will receive \$100 or less from the Administration's latest tax cuts. But even above and beyond this, the tax cuts and the deficits they have created have forced the Administration to raise fees and cut services for most Americans – which is an effective tax increase on average Americans. In many ways, the Administration's fiscal/budget policies are actually taking more money out of people's pockets.

DIRECT TAX INCREASES PROPOSED IN THE BUSH BUDGET: President Bush's 2004 budget proposed an increase of \$5.9 billion in fees on taxpayers from just one year ago. In 2005, the Bush budget assumes the "government will take in 13% more in taxes and fees next year than in fiscal 2004." [Source: WP, 2/19/03, Boston Globe, 2/3/04]

STATE TAX INCREASES, BROUGHT ON BY BUSH BUDGET: The latest Bush tax bill/budget proposes a 3% decrease to federal grants to states, a \$16 billion decrease in state tax revenues - all while proposing between \$23-\$82 billion in unfunded mandates. Because of this "millions of American individuals and businesses face tax hikes this year... wiping out the savings that some taxpayers would otherwise see on their federal 1040." Since President Bush took office, states have raised taxes by a total of \$14.5 billion, after 7 consecutive years of cutting taxes. The total 2003 net tax increase was \$6.9 billion for the 42 reporting states – following a 2002 net tax increase of \$9.1 billion. Seventeen states raised taxes by more than 1% with four states raising taxes by at least 5%. USA Today reports "squeezed by tight budgets, Republicans in at least a dozen state legislatures across the country are feuding over the party's bedrock principles of holding down spending and not raising taxes." Similarly, the Wall Street Journal noted, Republicans in states all over the country "are undercutting the election-year message: They are for raising taxes... Worried about declines in schools and basic services, many Republican leaders in the states say they have little choice." [Source: CBPP, [10/17/03](#), [6/3/03](#) & [2/3/04](#); Christian Sci. Monitor, 2/2/04; NCSL, [2003](#); USA Today, [2/9/04](#); WSJ, [2/20/04](#)]

TAX INCREASE ON STUDENTS AND THEIR FAMILIES: Since President Bush took office, state colleges and universities across the nation imposed their "steepest tuition and fee increases in a decade" – some as high as 40%. Tuitions rose at public institutions in all of the 37 states responding to a recent nationwide study, almost all due to federal/state budget cuts in the state budgets. In the 2003-04 academic year, college tuition and fees increased an average of \$579 at public universities, \$1,114 at private institutions, and \$231 at two-year public colleges. Meanwhile, the Administration proposed a rule change that would deny Pell Grants to 84,000 students, while freeze funding the program. Bush's latest budget also proposes to "prohibit agencies from waiving a 1% Stafford Loan fee and forces students to collectively pay \$1 million in interest each year." [Source: Washington Post, 7/22/03; U-Wire, 2/6/04]

TAX INCREASE ON VETERANS: "Two years after tripling the co-payment that veterans pay for prescription drugs the Department of Veterans Affairs wants to raise it again." Specifically, President Bush's 2005 budget would increase prescription "drug co-pays from \$7 to \$15 for many veterans." In 2002, the co-pay went from \$2 to \$7." Rep. Christopher H. Smith (R-NJ) said the proposal raises questions about the impact on "near-poor" veterans whose incomes are just high enough to require that they pay the new premium. Meanwhile, the American Legion called it "utterly ridiculous." [Sources: Cleveland Plain Dealer, 2/7/04; WP, 2/19/03]

PROPERTY TAX INCREASES: The Administration has left a \$9 billion hole in funding its own education bill. That unfunded mandate, along with "cuts in federal taxes and programs have shoved some of the tax burden down to states and municipalities" forcing them to "hike property taxes to pay for schools and other services." As one expert noted "county and city governments have been raising taxes" with "property tax collections rising more than 10%" last year alone. [Source: Christian Sci. Monitor, 2/2/04; PPI, [2003](#)]

TAX INCREASE ON LOW-INCOME FAMILIES & KIDS: According to the National Association of State Budget Officers, 32 states have effectively increased taxes on low-income families by raising their Medicaid co-payments. Additionally, "50 states reduced or froze payments to Medicaid providers, 34 states have reduced or restricted Medicaid eligibility, 35 states have reduced Medicaid benefits." In Florida, for instance, deficits caused by tax cuts have left more than 80,000 kids on waiting lists for health care. Overall, because of these tax Medicaid fee increases and deficits, 1.7 million people could lose minimum health coverage. [Source: National Association of State Budget Officers, [12/2003](#); CBPP, [3/20/03](#)]

CEMENTING TAX INCREASE ON USERS OF PUBLIC PARKS: The Bush Administration proposed to make "entrance fees at some national forests and parks permanent, opening the door to new charges at some locations." [Source: WP, 19/03]

TAX INCREASE ON SMALL BUSINESSES: The Bush Budget proposes to eliminate funding for the Small Business Administration's "flagship 7(a) loan program" – a program "which backs 40% of all long-term lending to the country's small businesses" – and instead fund it by a massive fee increase on borrowers. Because of the cut, "hundreds of small businesses have been caught in a vise." According to Rep. Nydia Velasquez (D-NY), ranking minority member on the Small Business Committee, the move "leaves small businesses shouldering yet another tax" at the same time President Bush's supposed "small business tax cuts" leave roughly 96% of small business with almost nothing. [Source: States News Service, 2/2/04; Chicago Tribune, 2/2/04; CBPP, [5/3/01](#)]

DEFICITS MEANS TAX INCREASES TO COME: Reagan supply side guru Bruce Bartlett "is beginning to sound the alarm that Bush's tax-less, spend-more budgets are unsustainable and will force the president to raise taxes." As he says, "These tax increases, when they come, are the result of conscious deliberate decisions this Administration made." His bet for next year or the year after: "A tax increase of more than \$100 billion a year." [Source: Wall Street Journal, [2/19/04](#)]