

'Immediate Tax Relief' is neither immediate nor relief for working poor

John Burbank; News Tribune Columnist

Last week I got my "Notice of Status and Amount of Immediate Tax Relief" from the IRS. My tax check was on its way - \$600!

Of course, I also heard the news that the federal general fund surplus has disappeared, there is no money for a Medicare prescription drug program and unemployment has jumped up. So much for a tax cut that was labeled the "Economic Growth and Tax Relief Reconciliation Act of 2001."

I read through the notice carefully. It said that this tax cut provides long-term tax relief for all Americans who pay income taxes. Note that it does not claim to provide tax relief to all Americans who work. But it does provide tax relief to nonworking Americans - those who are wealthy and don't have to work.

I can see my critics already sharpening their pens and accusing me of digging up "class war." Something is funny about that phrase. When it is suggested that the wealthy are being given an advantage, it is class war. But when the low-income and middle-class families are taken advantage of, it becomes a stimulus for economic growth.

Let's look at this tax cut more carefully. It offers no tax relief to minimum-wage workers. In fact, it is silent about providing tax relief to people who earn two times the minimum wage. Because the tax cut tracks only income tax payments and not Social Security and Medicare tax payments, it delivers nothing, not one dollar, to more than 575,000 taxpayers in our state and delivers only a portion of the advertised \$600 per two-earner family to another 350,000 taxpayers.

In Pierce County, the rebate check is not in the mail for about 68,000 taxpayers. In Kitsap County, 22,000 families will receive no rebate, and in the Tri-Cities, more than 18,000 families will go without. And these are families that are already doing without, working long hours in low-wage jobs. In our state, 38 percent of all taxpayers earning less than \$40,000 a year will receive not one dime in tax rebates.

Let's look at this silliness another way. A colleague of mine is a widow supporting two teenage sons. My wife and I are both working, and we have two teenagers. My colleague has to support her family on less than half the income that my wife and I make. But we get \$600 back for our tax rebate. My colleague gets \$500. Does this make sense?

And in the meantime, the notice says we are going to get "long-term" tax relief. Just how long-term is this? Well, for the poorest fifth of taxpayers, further tax relief promised in the fully phased-in Bush tax cut equals \$10. For those making between \$10,000 and \$20,000, further tax relief averages out to \$35, while for the middle group of taxpayers (that is, the middle class), further tax relief boils down to less than \$200.

Where does all the money go? The tax cut for the top 1 percent of taxpayers this year is \$3,120, and the tax cut in future years is \$50,000 a year.

The rich did very well under Bill Clinton's presidency. Under George Bush's, they are engaged in legal theft

from the U.S. Treasury. And I haven't even mentioned the estate tax, which further cements privilege, regardless of merit, while blowing another hole in the Treasury.

So where does that leave us? The surplus is gone, more people are out of work and working families haven't seen much tax relief. For 75 percent of workers, who pay more in payroll taxes such as Social Security and Medicare than they do in income taxes, the "stimulus" to household spending is a fiction. And worse yet, Bush is talking about robbing the Social Security trust fund, built up with taxes on working people, to fill the hole in the federal budget resulting from the tax giveaway to the wealthy. He proposes to rob the middle class to pay for the government's dowry for the wealthy. That is class warfare.

We could do a lot better. Let's start making economic policy that rewards all workers, from minimum wage employees to salaried personnel. A good start would be to give workers a break in their payroll taxes and pay for it by halting the so-called Economic Growth and Tax Relief Reconciliation Act in its tracks right now. It has already done enough damage.

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09/13/2001



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