

SPOTLIGHT ON TAXES

- **President Obama Supports Working Families.** The President's American Jobs Act would put more money in the pockets of working and middle class Americans by cutting in half the payroll tax that comes out of the paycheck of every worker, allowing more Americans to refinance their mortgage, and cutting payroll taxes in half for 98 percent of businesses.¹
 - **President Obama Calls for Tax Fairness.** President Obama consistently has called for reforming our tax code and closing tax loopholes for millionaires and billionaires as well as hedge fund managers, private jet owners, and oil companies. According to the President, "people making more than \$1 million a year should not pay a smaller share of their income in taxes than middle-class families pay."²
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- **Governor Romney Opposes Extending the Payroll Tax Cuts for Working Families.** When asked whether he supported President Obama's proposal to extend the payroll tax cut at the New Hampshire Republican Debate on October 11th, Mitt Romney said he does not favor "little Band-Aids" that won't help the economy. Romney's opposition to a tax break that will provide the average family with \$1,500 in tax relief is no surprise given his earlier opposition to middle-class tax breaks in the 2009 stimulus bill.³
 - **Governor Perry Thinks the Poor and Elderly Should Pay More Taxes.** When announcing his candidacy, Perry said that he's "dismayed at the injustice that nearly half of all Americans don't even pay any income tax."⁴ Perry didn't acknowledge that two-thirds of these Americans pay payroll taxes, totaling \$4,600 a year for a family earning only \$30,000. Though 18 percent of Americans do not pay either income or payroll taxes, all but 1 percent are either elderly and living on fixed-incomes (10 percent of Americans) or earning less than \$20,000 a year (7 percent of Americans), according to the Nonpartisan Tax Policy Center.⁵
 - **Governor Perry Wants to Raise Taxes on Low- and Middle-Income Americans.** Perry unveiled a flat tax plan on October 25th that calls for a voluntary flat tax rate of 20 percent and a cap on federal spending at 18 percent of GDP.⁶ His plan also includes failed Bush-era policies, such as privatizing Social Security accounts and raising the eligibility age for Medicare. Conservatives say the plan lacks detail and does not simplify the tax code.⁷
 - **Herman Cain Wants to Raise Taxes for 84% of Americans.** Herman Cain has rocketed to the top of the GOP primary field fueled by the popularity of his 9-9-9 tax plan. Cain's plan would replace the current tax code with a 9 percent flat corporate income tax, a 9 percent flat personal income tax, and a 9 percent national sales tax, on top of existing state incomes taxes. According to the nonpartisan Tax Policy Center, 84 percent of Americans would pay more taxes under the Cain plan than they currently pay.⁸ Wealthy Americans would receive a major tax break under the Cain plan. The top 0.1 percent of income earners would see their post-tax income increase by 26.6 percent, while the top 1 percent would see their post-tax income increase by 19.7 percent. The bottom 80 percent of wage earners would see their post-tax incomes fall by an astounding 12.6 percent!⁹ Even Mitt Romney, who opposed President Obama's middle class tax cuts in the American Jobs Act, was concerned by how much "middle income people [will] see higher taxes under [Cain's 9-9-9] plan."¹⁰

NEA BELIEVES...

- Tax reform should assure a tax burden that reflects a working person's ability to pay and that safeguards the critical needs of families.
- A fair and progressive tax system should generate the necessary revenue to support investments in priority areas such as education, infrastructure, and high-value research and development. Capping revenues at a certain percentage of GDP is unadvisable.
- Instead of raising taxes on working families and the most vulnerable in our communities, tax reform proposals should include attracting expatriated business and investment to return for the benefit of our American economy and discouraging corporations from moving their interests abroad to avoid tax liabilities.

¹ "Supporting the Middle Class," [The White House Website](#), Accessed October 28, 2011

² "Living within our Means and Investing in the Future: the President's Plan for Economic Growth and Deficit Reduction," [Office of Management and Budget](#), September 2011

³ "Mitt Romney on Obama's Prime-Time Press Conference, Stimulus Plan," [Fox News](#), February 9, 2009.

⁴ "Rick Perry's Announcement Speech and His First Campaign Ad," [Houston Chronicle](#), August 13, 2011.

⁵ "Who Doesn't Pay Federal Taxes?" [Tax Policy Center](#). Accessed October 24, 2011.

⁶ "Cut, Balance, and Grow," [Governor Rick Perry Campaign Website](#), Accessed October 28, 2011

⁷ "Perry's Flat Tax Proposal Unlikely to Please Anyone," [National Journal Online](#), October 25, 2011

⁸ "Study: Cain Tax Plan Raises Taxes on 84%," [Fox News](#), October 18, 2011.

⁹ "Herman Cain's 9-9-9 Tax Reform Plan," [Tax Policy Center](#), October 18, 2011.

¹⁰ "Full Transcript CNN/Western Republican Presidential Debate," [CNN](#), October 18, 2011.