



COMPARING THE OBAMA AND MCCAIN TAX PLANS

	<u>OBAMA</u>	<u>MCCAIN</u>
Tax Cuts for Middle Class Families	<ul style="list-style-type: none"> • A \$1,000 Making Work Pay Tax Credit for 95% of Workers. Obama will provide a refundable tax cut of \$500 for workers or \$1,000 for working couples. • Generous Additional Tax Cuts for Middle Class Families. Obama will provide a package of tax cuts to help families afford health care, college and save for retirement. • Cutting Taxes To Below Where They Were Under President Reagan. Under Obama’s plan total federal taxes for typical families would be 19 percent lower than they were under President Reagan. 	<ul style="list-style-type: none"> • Only Middle Class Tax Cut Leaves Out 101 Million Households. McCain’s only direct tax cut for the middle class is an increase in the dependent exemption, which leaves out 101 million households with absolutely no benefit. Overall, the <i>National Review</i> concluded that the McCain plan offers “very little in the way of direct benefits” to the middle class. • About \$125 in Middle Class Tax Relief for Families Who Benefit. <i>For a family with two children, McCain’s proposal to increase the dependent exemption would offer only about \$125 in relief during the first year of his plan.</i>
Tax Rates for Working Families	<ul style="list-style-type: none"> • No Tax Increases for Families Making Under \$250,000. Barack Obama has made firm commitment not to raise any taxes for families making under \$250,000 (and individuals making under \$200,000). 	<ul style="list-style-type: none"> • \$3.6 Trillion in Tax Increases on Working Families. McCain’s health would require families to pay income taxes on their health benefits. According to McCain top advisors, his health care plan will accordingly be financed by a \$3.6 trillion tax increase on working families. Even after taking into account McCain’s health tax credit, eventually tens of millions of middle class families would pay more taxes.

<p>Corporate Tax Policies</p>	<ul style="list-style-type: none"> • End Tax Breaks for Companies That Ship Jobs Overseas. Would reverse the backwards incentive that allows companies to defer or avoid taxes entirely if they invest overseas while requiring them to pay full and immediate taxes if they invest in America. • New Tax Breaks for Companies That Create Jobs in America. For companies that expand or create jobs in America, Barack Obama would lower corporate tax rates with the savings attained from ending deferral. 	<ul style="list-style-type: none"> • Voted to retain tax breaks for companies that ship jobs overseas. • Nearly \$200 billion in tax cuts to corporations, even if they do not invest in the US or create a single US job. Includes: <ul style="list-style-type: none"> ○ <i>\$4bn for large oil companies</i> ○ <i>\$2bn for health insurance companies</i>
<p>Small Business Tax Policies</p>	<ul style="list-style-type: none"> • Eliminate Capital Gains for Small Businesses. Obama would cut capital gains taxes to 0% for investments in small businesses and start ups. • A New Small Business Healthcare Tax Credit. Obama would provide a 50% health care tax credit to small businesses and lower health insurance costs by \$2,500 per family for all firms. 	<ul style="list-style-type: none"> • Would continue to tax capital gains for small businesses at 15%. • Added Costs for Firms That Provide Health Insurance. McCain would tax employer contributions to employee health insurance plans for the first time in history.
<p>Innovation Tax Policies</p>	<ul style="list-style-type: none"> • Make Permanent the R&D Tax Credit. Will give firms a strong, consistent incentive to invest in new R&D jobs here in the United States. • Expand the Renewable Production Tax Credit. Would extend the federal Production Tax Credit (PTC) for 5 years to encourage investment in renewable energy. 	<ul style="list-style-type: none"> • Reduces the Effectiveness of the R&D Credit. Would reform the R&D credit into a flat 10% credit that would weaken the incentive for firms to invest in new research jobs, and could reward companies that are cutting research and moving jobs overseas. • Opposes Energy Research Incentives. Has repeatedly opposed legislation that would have extended the renewable production tax credit.

<p>Fiscally Responsible Tax Policies</p>	<ul style="list-style-type: none"> • A Net Tax Cut That Cuts Overall Taxes Below Reagan. Obama’s tax cuts for middle class families are larger than his tax changes for high-income families and closing of corporate loopholes, cutting taxes below 18.2 percent of the economy – the level that prevailed under President Reagan. • Tax Cuts Paid for by Spending Cuts – Reducing the Deficit. Obama would make tough choices like ending the war in Iraq responsibly, limiting payments to high-income farmers and Medicare HMOs, and ending no-bid contracts. • News Organizations Say Obama’s Plans Add Up – and Are More Fiscally Responsible than McCain’s. The <i>Wall Street Journal</i> said that Obama’s numbers added up. The <i>New York Times</i> said Obama’s budget was at least \$150 to \$250 billion more responsible annually than McCain’s budget. The <i>Boston Globe</i> found that Obama has been clearer and politically braver in showing how he would pay for his proposals than Senator McCain. 	<ul style="list-style-type: none"> • A Tax Plan That Cuts Taxes By \$3.4 Trillion More than Bush Has Proposed. . Nonpartisan Tax Policy Center has found that over ten years, McCain’s fiscally irresponsible tax cuts would reduce revenues by \$3.4 trillion relative to the Bush tax cuts. • Could Add \$1 Trillion to Defense Spending. Would raise defense spending towards cold war levels, costing another \$1 trillion over the next decade. • <i>New York Times</i> Says McCain Plan Falls At Least \$2 Trillion to \$3 Trillion Short. The <i>New York Times</i> analyzed McCain’s budget numbers and found that they would add more than \$200 billion to \$300 billion annually to the deficit. • Washington Post says that McCain plan to balance the budget by 2013 is <u>not credible and won’t work</u>. The <i>Washington Post</i> analyzed the McCain budget and found that the claimed savings from his spending cuts were “illusory.”
---	---	---

Direct Impact of Obama and McCain Tax Plans

WHO	OBAMA	MCCAIN
Single Parent making \$40,000 with two young children and childcare expenses.	\$2,100 [includes \$500 making work pay; \$500 universal mortgage credit, and \$1,100 from Obama expansion of the child care tax credit]	\$125
Married Couple Making \$75,000 with two children, one of whom is in college	\$3,700 [includes \$1,000 Making Work Pay; \$500 universal mortgage credit; and \$4,000 college credit net of current college credits]	\$125
Married Couple making \$150,000	\$1,000	\$0
70-Year Old Widow Making \$35,000	\$1,900	\$0
Exxon-Mobil	\$0	\$1.2 billion

Source: Calculations based on IRS Statistics of Income. Does not include impact of health plans. Obama tax savings is conservative; does not account for up to \$500 in savings from expanded Savers Credit.