Fast Facts: Latest Senate Tax Proposal Even Worse for New Jersey’s Working Families

Middle-Class and Lower-Income Families Would Pay More While Wealthiest Get Large Tax Cuts

By Jon Whiten
Vice President
whiten@njpp.org

The latest Senate tax proposal, with the amendments added last Thursday, November 16, would raise taxes for the average middle-class and low-income New Jersey family while cutting taxes for wealthier families and for large corporations. Worse, it would increase the number of New Jerseyans without health insurance by 340,000 by 2027.¹ (Unless otherwise noted, all data in this Fast Facts is on the impact in the year 2027, once the plan is fully phased in.)
The proposal is noticeably worse than the original, both in its *inequitable distribution* – in other words, it brings more direct and immediate harm to the bottom 60 percent of families than the original bill – and in its *overall impact on New Jersey*: at least 29 percent of Garden State households would see a tax hike under the revised bill,\(^2\) versus 22 percent in the original.\(^3\)

Once this plan is fully phased in, New Jersey households with incomes over $1.4 million (the top 1 percent) would receive an average $8,570 tax cut while the bulk of Garden State families (the bottom 60 percent, or those with incomes under $111,000) would see a tax hike averaging $120.

The plan is a clear example of Robin Hood in Reverse, as it gives the largest average tax hikes to New Jersey’s poorest families while showering the state’s very wealthiest families with the biggest tax cuts.\(^4\) While just 1.6 percent of the state’s wealthiest 5 percent of families would see a tax hike, 1 in 3 families in the bottom 60 percent would.

### New Senate Tax Plan: Robin Hood in Reverse

*Wealthiest New Jersey households get big tax cuts while middle-class and low-income families pay more.*

- **Bottom 20%**: -$150
- **Low-Mid 20%**: -$130
- **Middle 20%**: -$80
- **Mid-High 20%**: $90
- **Next 15%**: $380
- **Next 4%**: $1,390
- **Top 1%**: $8,570

*Average tax benefit or loss in 2027.*

*Analysis is of Senate proposal with amendments made on November 16, including repeal of the ACA individual mandate.*

The latest Senate proposal:

- Permanently repeals the Affordable Care Act’s individual mandate – the requirement that people get health insurance or pay a penalty – which would leave 13 million more Americans (and 340,000 New Jerseyans) uninsured, raise premiums for millions more, and create uncertainty across the health insurance market.\(^5\)
• Pairs permanent tax cuts for corporations and permanent tax hikes for many low- and moderate-income families with temporary tax cuts for most working and middle-class families⁶
• Increases the federal deficit by $1.5 trillion over a decade
• The growing deficit will be used as the excuse for major cuts in services and programs that working New Jerseyans count on
• By eliminating state and local tax deductions used by about 4 in 10 New Jersey families, it will make it harder for states to invest in schools, infrastructure, health care and more⁷

Endnotes

1 NJPP analysis based on Congressional Budget Office estimates (see Endnote 5) using weighted average for employer-based, marketplace, and Medicaid expansion coverage.
2 This estimate is the likely low, because it does not include the impact of the repeal of the ACA mandate.