



CENTER ON BUDGET AND POLICY PRIORITIES

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Revised March 10, 2003

Administration Tax Cut Proposals Would Cost \$2.7 Trillion Through 2013

The Center on Budget and Policy Priorities has released a new analysis, *Administration's Tax Cutting Agenda Would Cost \$2.7 Trillion Through 2013*. New estimates by the Joint Committee on Taxation, Congress's

The full report can be viewed at
<http://www.cbpp.org/1-22-03bud.htm>

official scorekeeper of tax legislation, show that the tax cut proposals in the Administration's budget — such as the “economic growth package” and making the 2001 tax cut permanent — will cost \$1.6 trillion through 2013. Yet that figure excludes two key additional costs: (1) by increasing the projected level of the national debt, the proposed tax cuts would make interest payments on the debt costlier; and (2) the budget includes relief from the Alternative Minimum Tax only through 2005, even though the Administration has made clear that it plans to offer proposals in 2005 to ensure that AMT relief continues. Including these additional costs raises the cost of the Administration's tax cut plans to \$2.7 trillion through 2013.

- **Tax cuts in the “economic growth” package would cost \$726 billion through 2013.**
- **Making the 2001 tax cut permanent would cost \$624 billion through 2013.**
- **Other tax proposals in the President's budget would cost \$225 billion through 2013.**
- **Providing Alternative Minimum Tax relief between 2005 and 2013 would cost \$658 billion.** About two million taxpayers face the AMT today; nearly 40 million will face it by 2012 unless action is taken. The Administration's budget provides AMT relief only through 2005.

Continuing to limit the scope of the AMT along the lines proposed by the Administration adds approximately \$658 billion in cost through 2013.

Cost of Bush Administration Tax Cut Agenda, 2003-2013 (in billions)			
	Revenue Loss	Interest	Total
“Economic Growth” Package	\$726	\$268	\$994
Make 2001 Tax Cuts Permanent	\$624	\$48	\$672
All Other Bush Tax Proposals	\$225	\$55	\$280
Fix Alternative Minimum Tax	\$658	\$111	\$769
Total	\$2,233	\$483	\$2,716

- **Increased interest payments on the national debt would add more than \$480 billion in cost through 2013** because of the revenue losses from the tax cuts above.

These measures carry a combined cost of \$2.7 trillion. When the cost of the tax cut enacted in 2001 is added, the total cost of tax reductions from 2001 through 2013 mounts to \$4.6 trillion.