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Fact Check: Who Gets Hurt, Who Gets Helped If Bush Tax Cuts Expire?

Extending Tax Cuts Benefits Super Rich, Hurts Some Small Businesses



By **JENNIFER METZ**

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Today, with the clock running down on the Bush tax cuts, Democrats in the House voted to make them permanent, but not for the wealthiest Americans.

With Republicans dead set against raising taxes on anyone, the last minute drama is just beginning.

Listening to Democrats and Republicans, you'd think they're talking about two totally different tax cuts.

Democratic senators, like Charles Schumer (D-NY) and Claire McCaskill (D-MO) have said that continuing the Bush-era tax cuts for America's richest will give the millionaires a tax break, while Republicans in Congress, like the next Speaker of the House, Rep. John Boehner (R-OH), have said tax hikes will kill jobs.

So who's right? Will letting the top Bush tax cuts expire hit small business or the super-rich? The answer is both.

If the top tax cuts expire, someone making \$1 million a year would see their taxes go up by about \$43 thousand, and for someone making \$10 million, it's a tax hike of more than \$450 thousand.

But small business owners, like Drew Greenblatt, would be hit too. When ABC News visited his 30-employee [wire basket company in Baltimore](#) earlier this year, he said an increase in the top tax rate would cost him about \$40 thousand -- and likely at least one employee.

"This is going to pull cash out of our company so we are going to have less money to invest," Greenblatt said. "We have less money to hire more people."

And today, Bob McCutcheon, who runs an apple orchard in Frederick, Md., told ABC News an increase in the top rate would hurt his ability to expand and hire more workers.

"I think if they voted tomorrow to not extend the tax cuts, I think that would really affect us in terms of our expansion," McCutcheon said.

Small businesses aren't the only concern. What about the deficit? Extending tax cuts on the top brackets would add to the deficit, as would extending any of the cuts.

Extending the tax cuts for those with incomes under \$200 thousand a year, as the president and Democrats are fighting for, will add an estimated \$3.1 trillion to the deficit over 10 years.

Extending any tax cuts for those over \$200 thousand a year adds another \$800 thousand to the deficit.

These figures are just estimates, though. According to Diane Swonk, chief economist at Mesirow Financial, a tax increase could bring in less than expected.

"Many of the wealthier individuals in particular will find ways to hide their money or they'll give more to charity," she said.

Despite what the politicians say, the truth is there is not much certainty with any of these numbers. The IRS doesn't keep records of how many truly small businesses pay taxes at the top income tax level, so no one knows for sure just how many businesses -- and jobs -- would be affected.

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