

**The Middle-Class Tax Cuts' Impact on
ASIAN AMERICAN AND PACIFIC ISLANDER FAMILIES**

President Obama is committed to growing our economy from the middle out by ensuring a strong, secure, and thriving middle-class. Now we face a deadline that requires action on jobs, taxes and deficits by the end of the year. While the President is committed to working with Congress to reduce our deficit in a balanced and responsible way, there is no reason to hold middle-class families hostage while we debate tax cuts for millionaires and billionaires.

MIDDLE-CLASS ASIAN AMERICAN AND PACIFIC ISLANDER (AAPI) FAMILIES CAN'T AFFORD TAX INCREASES

- A median-income AAPI-headed family of four (earning around \$82,000) could see its income taxes rise by \$2,200.
- The 96 percent of AAPI families that make less than \$250,000 a year would not see an income tax increase under the President's plan.

AAPI FAMILIES HELP DRIVE CONSUMER SPENDING, GROWTH, AND JOBS

The bulk of economic activity comes from American families buying basic necessities like clothing and healthcare; durable goods like cars and furniture; and the food and gifts that millions will enjoy over the holiday season.

- **Over the course of this year, American consumers are on pace to spend around \$5 trillion on retail sales.** And with the start of the holiday shopping season, which accounts for close to one-fifth of retail industry sales nationwide, retailers can't afford the threat of tax increases on middle-class families.
- **The retail industry employs around 15 million Americans and has been a key part of the recovery.** In the 40 months since the recession ended in June 2009, the retail industry alone has been responsible for more than 9 percent of overall employment growth and has added 438,000 jobs in the past 32 months. About 800,000 Asian Americans are employed in the retail industry.

RAISING TAXES ON THE MIDDLE-CLASS WILL HURT AAPIs AND THE U.S. ECONOMY

The US economy can't afford that right now. New analysis by the President's Council of Economic Advisers (CEA) finds that:

- **Nationally, this sharp rise in middle-class taxes and the resulting decline in consumption could slow the growth of real GDP by 1.4 percentage points.**
- **Faced with tax hikes, CEA estimates that consumers nationwide will likely spend nearly \$200 billion less than they otherwise will in 2013.**

EXAMPLES OF MIDDLE-CLASS FAMILIES THAT WILL SEE THEIR TAXES RISE IF THE MIDDLE-CLASS TAX CUTS ARE NOT EXTENDED

- **Example 1: A typical middle-income AAPI family of four: a married couple with two children with income between about \$50,000 and \$85,000 would see a \$2,200 tax increase.**
 - A tax increase of \$1,000 because the Child Tax Credit will fall from \$1,000 to \$500 per child.
 - A tax increase of about \$900 because of merging the 10 percent tax bracket into the 15 percent tax bracket.
 - A tax increase of about \$300 because of the expiration of marriage penalty relief that provides a larger standard deduction for married couples.

Total Tax Increase on this Family if Congress Fails to Act = \$2,200

- **Example 2: A single AAPI mother with three young children, ages 11 months to 6 years, working full-time at minimum wage (\$14,500 annual income).**
 - A tax increase of \$1,725 because the Child Tax Credit will fall from \$1,000 to \$500 per child, while the threshold for refundability will be substantially more strict.
 - A tax increase of \$670 because of the expiration of the EITC expansion for larger families.

Total Tax Increase on this Family if Congress Fails to Act = Nearly \$2,400

- **Example 3: An upper-middle-income AAPI married couple with a 15-year-old at home and a 19-year-old in her second year at a public university; the couple's income is \$120,000.**
 - A tax increase of \$700 because, instead of being able to claim the \$2,500 American Opportunity Tax Credit to help with college expenses, they will only be able to claim the Hope Credit worth \$1,800.
 - A tax increase of \$500 because the Child Tax Credit will fall from \$1,000 to \$500 per qualifying child.
 - A tax increase of about \$900 because of the disappearance of the 10 percent tax bracket.
 - A tax increase of \$2,400 because of the combination of higher marginal rates and the expiration of marriage penalty relief that provides a larger standard deduction.

Total Tax Increase on this Family if Congress Fails to Act = \$4,500