

New Jersey: Impact of “Tax Cuts and Jobs Act” on Latinos

In New Jersey today, the Hispanic population numbers more than 1.5 million, one out of every six people in the state.¹ New Jersey’s Hispanic community’s size, work ethic, and resilience have contributed to the national economic resurgence following the Great Recession. Nevertheless, a considerable portion of Latinos continue to lag behind, struggling to put food on their tables and a roof over their heads. In 2017, about 16% of Latinos in New Jersey were living in poverty, compared to 9% of New Jerseyans overall.²

Instead of helping New Jerseyans working hard and struggling to make ends meet, the “Tax Cuts and Jobs Act” would threaten to push them into or deeper into poverty, through increased taxes and decreased spending on crucial assistance programs. Under the bill:

- By 2027, one out of every two Latino households (more than 750,000) will see their taxes go up, by an average of \$178 per year, due to expiration of increases to standard deduction and from using chained CPI to measure inflation.³
 - Almost half of the households facing a tax increase (360,000) have incomes of less than \$50,000 per year.⁴
- More than 35,000 low-income households will receive zero benefit from the non-refundable expanded Child Tax Credit.⁵ When combined with the changes to health care, these households will incur a net loss from the “Tax Cuts and Jobs Act.”⁶
- One out of two Latino households (more than 750,000 households) will lose an average annual deduction of \$7,900 from elimination of state and local tax deductions.⁷ Once increases to the standard deduction expire, these households will see a significant increase in their tax liability.
 - Almost 100,000 low- to moderate-income Latino households will lose more than \$8,000 in state and local tax deductions.⁸

- By 2027, Latino households with incomes less than \$75,000 (more than one million households) will face an average higher annual tax burden of more than \$9,000 (either through tax increases or reductions in benefits).⁹
 - This burden is 67% higher for the lowest income Latino households (incomes less than \$20,000).¹⁰

The above figures do not include the effects of repealing the individual health care mandate, and therefore underestimate the adverse impact of the “Tax Cuts and Jobs Act” on Latino households. Further, the figures do not include the adverse impact that repeal of the state and local tax deductions will have on the public finances of state and local governments.¹¹

¹ UnidosUS analysis of 2017 data from Census Bureau’s Current Population Survey, Annual Social and Economic Supplement, <https://www.census.gov/cps/data/cpstalecreator.html> (accessed November 2017).

² Ibid.

³ UnidosUS calculations using data from Census Bureau’s Current Population Survey, Annual Social and Economic Supplement, 2017, <https://www.census.gov/cps/data/cpstalecreator.html> and TPC Staff, *Distributional Analysis of the Tax Cuts and Jobs Act as Passed by the Senate Finance Committee*, (Washington, DC: Tax Policy Center, 2017), http://www.taxpolicycenter.org/sites/default/files/publication/148831/2001605-distributional-analysis-of-the-tax-cuts-and-jobs-act-as-passed-by-the-senate-finance-committee_1.pdf (accessed November 2017).

⁴ Ibid.

⁵ UnidosUS calculations and J. Scott Moody and Scott Hodge, “The Growing Class of Americans Who Pay No Federal Income Taxes,” April 14, 2004, *Tax Foundation*, <https://taxfoundation.org/growing-class-americans-who-pay-no-federal-income-taxes/> (accessed November 2017).

⁶ Dylan Matthews, “The Senate Republican tax plan, explained,” November 27, 2017, *Vox.com*, <https://www.vox.com/2017/11/9/16620290/senate-republican-tax-plan-orrin-hatch-mitch-mcconnell> (accessed November 2017).

⁷ UnidosUS calculations and Tax Policy Center, “Briefing Book, State and Local Taxes,” <http://www.taxpolicycenter.org/briefing-book/how-does-deduction-state-and-local-taxes-work> (accessed November 2017).

⁸ Ibid.

⁹ UnidosUS calculations and Congressional Budget Office, “Reconciliation Recommendations of the Senate Committee on Finance,” November 26, 2017, *Congressional Budget Office*, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/reconciliationrecommendationssfc.pdf> (accessed November 2017).

¹⁰ Ibid.

¹¹ Tax Policy Center, “Briefing Book, State and Local Taxes.”