



## The Daily Dish

# Not Affordability Day

DOUGLAS HOLTZ-EAKIN | APRIL 16, 2026

Yesterday was Tax Day, which is something you might not normally celebrate. But if you are a Republican incumbent facing re-election in November, the plan was to use the day to highlight the fact that the One Big Beautiful Bill Act (aka The [Working Families Tax Cut](#) aka [An act to provide for reconciliation pursuant to title II of H. Con. Res. 14](#)) was structured to deliver large tax refunds just prior to the election. (Jordan Haring has an excellent discussion of this design [here](#).)

The tax refund strategy worked – refunds are about 11 percent larger than last year. This means that something like 50 million voters took advantage of the key provisions and got an average of roughly \$300 more than they would have last year. Still, Tax Day will never be renamed Affordability Day.

A large chunk of this largesse is being used to pay the Hormuz Tax – the \$4 to \$6 per gallon price of gasoline that is one fallout of the president’s under-planned misadventure in Iran. This is layered on top of a tariff-laden economy that generated cumulative growth of 1.8 percent in disposable personal income over the past 6 months. Meanwhile, inflation is heading north from the roughly 3-percent level at which it closed 2025. Substantively, this was not the plan.

The presidential messaging has been a bit uneven as well, featuring a daily shift in the strategy in Iran and a personal squabble with Pope Leo. But Affordability Day went out the window with the president’s renewed threats to fire Fed Chairman Jerome Powell, this time if he fails to resign at the completion of his term as chair. Never mind that Powell’s term as a member of the Board of Governors lasts until early 2028.

The final hope for delivering the elusive affordability is confirming Kevin Warsh as Fed chairman. This is hardly a lock because the Fed controls only the shortest end of the term structure – the federal funds rate – and cannot control longer-term rates such as car loans,

credit cards, and mortgages. And Warsh may not soon be confirmed, as senators have pledged to block any vote on Warsh until all legal actions against Powell and the Fed have ceased.

Looks like Tax Day was just Tax Day in the end.