

# The San Diego Union-Tribune

## Is a wealth tax a good idea?

Phillip Molnar

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Two of the top Democratic Party candidates for president have proposed a type of wealth tax. Vermont Sen. Bernie Sanders has proposed starting taxing wealth of \$32 million at 1 percent, increasing to an 8 percent tax on fortunes above \$10 billion. Massachusetts Sen. Elizabeth Warren would place a 2 percent levy on fortunes above \$50 million and a 3 percent levy on assets of more than \$1 billion.

**Q: Is a wealth tax, like the ones proposed by Warren and Sanders, a good idea?**

**Austin Neudecker, Rev**

**YES:** A wealth tax is a directionally good idea. Undoubtedly, implementation is challenging. Other attempts have suffered from evasion and difficulty valuing non-liquid assets. As a capitalist, I believe hard work and ingenuity should be rewarded. Yet today, the wealthiest pass their initially earned fortunes on to generations who did not. If you earn a fortune, enjoy it, but help pay it forward so that everyone has a shot (via health, education, justice) at doing the same.

**Bob Rauch, R.A. Rauch & Associates**

**NO:** First, look at European nations that recently implemented wealth taxes. France was a disaster as millionaires fled and cost the country tens of billions of dollars. Second, the Fifth Amendment to the Constitution likely prohibits this tax. Third, the impact on the economy and lack of studies on resulting human behaviors make it questionable at best. Lastly, most negative impacts would be felt by our community more than wealthy taxpayers.

**Norm Miller, University of San Diego**

**YES:** Some kind of wealth tax, instead of a minimum alternative tax, is reasonable, but it should be simple and start at high levels of wealth. For example, it could be based on specific assets, where the average sum exceeds \$50 million for the prior three years, taxed at 2 percent or the 10-year treasury rate, whichever is lower. There are somewhere around 84,000 households worth \$50 million plus representing the top 0.07 percent of all households who would be affected by this.

**Jamie Moraga, IntelliSolutions**

**NO:** Some European nations have tried to implement a wealth tax, and most have repealed it because it brought in limited revenue compared to the cost. It was also difficult for these countries to value assets. According to the Cato Institute, the lion's share of the wealth of the wealthiest is in business assets that produce economic growth and forcing their owners to sell them to pay taxes could hurt future growth. A wealth tax could harm our economy overall if people decide to invest or innovate less. If a wealth tax is implemented, the middle class will likely be the ones feeling the squeeze thus widening the income gap even further.

**Lynn Reaser, Point Loma Nazarene University**

**NO:** If the purpose is to better fund government programs, the projected \$200 billion, which more realistically would be about half that, would help little when total spending equals about \$4.7 trillion. If the purpose is to reduce income and wealth inequality, huge gaps would still exist. Making the wealthy worse off will not help the poor and reduced incentives to prosper could reduce the job opportunities the poor desperately need.

**Chris Van Gorder, Scripps Health**

**NO:** I am as concerned as anyone else about the wealth differences in our country. While I could only dream about being impacted by a wealth tax, I don't think it's fair to tax people differently based solely on their income. However, over the years, changes to the tax code have disproportionately benefited those with higher incomes. A flat tax without exemptions, deductions or credits, would be an equitable and simple solution to the problem.

**Michele Vives, Douglas Wilson Companies**

Not participating this week.

**Kelly Cunningham, San Diego Institute for Economic Research**

**NO:** Another dangerous step in eroding property rights, this misguided socialist redistribution scheme declares citizens not free, belonging to the state, and imposes additional taxes on already taxed wealth. Wealthy citizens with their capital and movable assets will flee. While destroying wealth, the revenues envisioned will never manifest and result in government taking in less money than under current tax rates. When projected revenues are not reached, the tax will spread onto lower rungs of wealth.

**Gary London, London Moeder Advisors**

**YES:** I think that it is quite evident that there is a disparity in our taxing system in which the wealthy are undertaxed by historical standards. But I think the better solution to rising national deficits — in conjunction with cutting spending and waste — would be a value added tax (VAT) that would both raise substantial revenues and simplify the process. Many other nations such as the UK raise revenue in this manner.

**James Hamilton, UC San Diego**

**NO:** First, it's unconstitutional. We needed a constitutional amendment to give the federal government the power to collect an income tax and would need a new amendment to extend this authority to taxing wealth. Second, it is a logistical nightmare. Establishing the value of assets like private equity is far from straightforward. Third, it would significantly hurt economic growth. Fourth, it is unnecessary. A higher inheritance tax achieves the same aims and avoids all the problems.

**David Ely, San Diego State University**

**NO:** A person's wealth may be invested in a wide range of assets. Therefore, the IRS would face a huge task in assessing the value of closely held businesses and other difficult-to-value assets to determine a person's net worth. Wealth can be invested in ways that may or may not support

broad economic growth. Yet, a wealth tax would apply to all uses of wealth in the same way. There are better approaches to taxation.

**Phil Blair, Manpower**

**YES:** And this is coming from a long-term Republican who is waning. The other party is making much more reasonable decisions. We are at a time in our country where some, very few parentage wise, people have outrageous wealth and many are struggling with low earnings. Without getting into the details, I support levels of super rich being taxed on their net worth, in addition to their annual earnings. Small percentage payments on very few people will raise billions of dollars a year and the payments will not even be noticed by the mega rich. I also think these new billionaire fees should be mandated for specific needs such as health care, education or infrastructure.

**Alan Gin, University of San Diego**

**YES:** The soaring stock market and big increases in housing prices since the end of the Great Recession have concentrated wealth at the high end of the income distribution. This has led to statistics such as the top three wealthiest Americans having more wealth than the bottom half of the U.S. population. A wealth tax applied only to the most wealthy would be less economically distorting than an income tax. The big issue though is trying to measure wealth, particularly the real estate portion.