

United Liberty

Yes, millionaires pay more in taxes than the middle class

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President Barack Obama's proposed tax hikes have, thankfully, been a flop on the Hill as Republicans and some Democrats aren't too anxious to raise taxes during tough economic times; [a position the president himself once held](#).

But with the rhetoric coming from the left that is clearly hoping to revive the populist sentiment to put Obama in the White House comes a dose of reality. Despite the ramblings of Obama and his ally Warren Buffett, [millionaires do indeed pay more in taxes than the middle class](#), according to an Associated Press fact check:

On average, the wealthiest people in America pay a lot more taxes than the middle class or the poor, according to private and government data. They pay at a higher rate, and as a group, they contribute a much larger share of the overall taxes collected by the federal government.

The 10% of households with the highest incomes pay more than half of all federal taxes. They pay more than 70% of federal income taxes, according to the Congressional Budget Office.

[...]

There may be individual millionaires who pay taxes at rates lower than middle-income workers. In 2009, 1,470 households filed tax returns with incomes above \$1 million yet paid no federal income tax, according to the Internal Revenue Service. But that's less than 1% of the nearly 237,000 returns with incomes above \$1 million.

This year, households making more than \$1 million will pay an average 29.1% of their income in federal taxes, including income taxes, payroll taxes and other taxes, according to the Tax Policy Center, a Washington think tank.

Households making between \$50,000 and \$75,000 will pay an average of 15% of their income in federal taxes.

Lower-income households will pay less. For example, households making between \$40,000 and \$50,000 will pay an average of 12.5% of their income in federal taxes. Households making between \$20,000 and \$30,000 will pay 5.7%.

As I noted yesterday and as the AP fact check shows, the top 10% of income earners pay almost 70% of all income taxes (they earn around 46% of all wealth). Compare that to 1980 when that same decile of income earners paid just under 50% of all income taxes. The “rich” have seen their income tax burden increase steadily. We don’t need another layer of taxation to the most progressive tax system in the world.

And the premise of Buffett’s tax is misleading. He says he pays more in taxes than his secretary, but David Boaz notes that “[v]arious analysts have pointed out that Buffett takes very little salary and gets most of his income in the form of dividends and capital gains, which reflect income that was already taxed once at the corporate level.

The obvious factual inaccuracies that Obama has given aside, the proposal has been panned by budget analysts:

President Obama projects that his new plan for reducing the federal debt will save more than \$3 trillion over the next decade by raising taxes on the wealthy and slashing spending on a host of government programs, from farm subsidies to federal worker pensions.

But independent budget experts said the blueprint that Obama unveiled Monday — which White House officials say would save more than \$4 trillion when added to earlier budget deals this year — appears to fall short of his target. The plan also relies on an array of well-worn budget ploys that do little to advance the cause of bipartisan cooperation in taming the nation’s spiraling debt, the experts said.

[...]

The latest Obama plan “doesn’t produce any more in realistic savings than the plan they offered in April,” said Maya MacGuineas, president of the bipartisan Committee for a Responsible Federal Budget. “They’ve filled in details, repackaged it and replaced one gimmick with another. They don’t even stabilize the debt. This is just not enough.”

The most disheartening development, MacGuineas and others said, is Obama’s decision to count \$1.1 trillion in savings from the drawdown of troops in Iraq and Afghanistan toward his debt-reduction total. Because Obama has no intention of continuing war spending at last year’s elevated levels, that \$1.1 trillion would never have been spent.

[...]

“Almost \$2 trillion of the \$3 trillion [savings] total is obtained by choosing the most convenient baseline assumption,” said Robert Bixby, executive director of the bipartisan Concord Coalition. “There are, of

course, some legitimate proposals here, but not the kind of structural changes that are needed in entitlement programs and tax expenditures to put the budget on a sustainable path.”

This is a campaign ploy more than a serious policy proposal. It allows him to gain back some lost support from the Left and it rallies populists that, for whatever reason, still buy in to Hopey McChangeypants.