



**Ideas Changing the World**

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## Daily Policy Digest

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### Taxes

April 13, 2010

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#### TAX FREEDOM DAY: REAL OR IMAGINED?

Americans are about to finish paying taxes this year. Kind of. Tax Freedom Day (TFD) came on April 9, but it's an artificial freedom. Massive borrowing this year -- the federal deficit is expected to run \$1.6 trillion -- guarantees future tax hikes. And just wait until the real cost of health care "reform" kicks in, says Doug Bandow, a senior fellow with the Cato Institute and former special assistant to President Reagan.

This April 9 was a day later than 2009, but about two weeks earlier than in 2007. We still are devoting more than a third of our lives to working for Uncle Sam, but in relative terms things seem to be a lot better than just a couple years ago. If only it were so -- the relief is temporary, says Bandow:

- The Tax Foundation, which measures TFD, points out that "the recession has reduced tax collections even faster than it has reduced income" and that legislators "have enacted large but temporary income tax cuts for 2009 and 2010, just as President Bush did in 2008."
- Also, the estate tax has been temporarily repealed.
- Despite these bright spots, Americans this year will spend more on taxes than on clothing, food and shelter combined.

Also, consider the value of the government "services" that we received, says Bandow:

- Bailouts of most everyone with a lobbyist.
- The coming federal takeover of the health care system.
- Expanding government bureaucracies determined to micromanage our lives.
- Out-of-control entitlement programs set to wreck federal finances.
- Thousands of pork barrel projects designed to re-elect the very politicians who voted for all of the aforementioned programs and policies.

The average national TFD -- which is the day when the country has earned enough to fund its tax burden -- is bad enough. Many states are worse, says Bandow:

- Connecticut continues to dominate the No. 1 position, coming in at April 27.
- New Jersey is No. 2, with its people paying for government until April 25.
- New York suffers at No. 3, with its TFD on April 23.
- At the other end of the spectrum are Alaska and Louisiana, whose residents were able to start partying on March 26; Mississippi was next at March 28.

Source: Doug Bandow, "Tax Freedom Day: Real or Imagined?" Investor's Business Daily, April 13, 2010.

For text:

<http://www.investors.com/NewsAndAnalysis/Article.aspx?id=530041>

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