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[Wealthy Taxpayers Pick Up Most of the Tab - Leave Middle, Lower Income Earners Paying Almost No Taxes](#)



(AP Photo)

As 140 million Americans slog through the final hours of agony doing their income taxes, almost half of American wage earners will find they owe no taxes at all because the wealthy are paying more of total U.S. taxes than ever before.

"A little known secret is that since the [President] Bush tax cuts the share of income tax paid by the wealthy has actually increased from 80 percent of all income taxes paid by the top 20 percent to now 86 percent," said Brian Riedl, lead budget analyst at the Heritage Foundation.

Arthur Brooks, president of the conservative American Enterprise Institute notes the disparity between top and bottom income earners.

"The top 5 percent of earners in this country earn about 37 percent of all the income but pay about 60 percent of all the federal income taxes. The bottom 50 percent of earners earn about 12 percent of all the income but pay about 3 percent of all the taxes," said Brooks.

The top 50 percent pay a record 97 percent of income taxes.

Wage earners below about \$ 50,000 in income can easily escape income taxes with standard deductions and tax credits like those for children or the working poor.

"One thing that people forget is that as part of the [President] Reagan tax cuts and the Bush tax cuts we did cut taxes on the rich, and we used the money we raised by doing that to cut taxes on the poor," said Richard Vigilante, co-author of "Panic: The Betrayal of Capitalism by Wall Street and Washington."

While that makes the tax system more progressive than it's ever been, some analysts see a risk in that.

Alan Reynolds is a senior fellow at the libertarian Cato Institute and says there's a risk in that. "It's a problem in both parties - it's a kind of serious problem because as a matter of civics, folks ought to pay something or else they think government is free and then they start voting for everything," said Reynolds.

And Riedl says the situation is damaging. "It's democratically dangerous to have a country where a majority can vote for policies that just tax the minority. And that's the situation where dangerously coming close to."

Most lower income Americans do pay Social Security and Medicare taxes, though they get something in return for that in the way of benefits. Some analysts say even those who don't pay income taxes are concerned about deficits and their impact on the nation. Robert Greenstein is the executive director at the liberal Center on Budget and Policy Priorities and says lower income earners are also worried about increased government spending. "People in those moderate income brackets, the people at 15, 25, 35 thousand dollars a year who may be paying little or no federal income tax I think you find that they're worried about long term deficits, they're worried about health care costs," said Greenstein.

"I don't think polling data supports the idea that these people say 'Gee I'm in favor of run-away spending because I don't have a higher income tax burden,'" he added.

Michael Linden is the Associate Director for the liberal Tax and Budget Policy at American Progress and says lower income earners still contribute some taxes.

"Most low income people actually do pay taxes, they just don't pay income taxes because they have very low income. And I'm not sure we want as a society, people making minimum wage or just at the poverty level to pay income tax. I'm not sure that's something that we want," Linden said.

Some say they are still more concerned that taxes on the wealthy declined than the fact that they're paying a bigger portion of all income taxes.

"It doesn't bother me when people don't pay income tax when they don't have much income. It bothers me a whole lot more that the richest 400 Americans in this country, from 2001 to 2007, they more than doubled their real incomes, but their tax rate went down," said Linden.

There is one other odd thing about taxes, a strong majority of Americans have a clear view of what tax rates should be.

"You find that about 69 percent of Americans believe that the maximum tax rate anybody should pay should be 20 percent or less. Well, of course the maximum tax rate today is 35 percent and under Mr. Obama's tax plan it's going up to 39.6 percent and with phased out deductions it's closer to 41 percent," said Brooks.

And some say the number of those not paying taxes is going to get even larger.

"You'll see that between 2011 and 2019 under Mr. Obama's plan that the total number of people who pay no federal taxes of any kind will increase 35 percent. At the same time that the size of the government is exploding," Brooks said.

So one thing is certain, the wealthy are paying more and more of the total tax burden and even though they have benefited from tax cuts, so have those in the middle class and below who now pay little or no income taxes at all.

Be sure to watch Special Report with Bret Baier Thursday at 6p.m. ET for more on this story.

Check out the Fox It's All Your Money taxpayer calculator [here](#) to see what portion of your money goes to fund government programs.

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