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FOURTY PERCENT OF AMERICANS PAYING 99% OF ALL INCOME TAXES

“Think of it this way,” writes Ari Fleischer, the ex-communications director of the Bush White House, in the *Wall Street Journal*, “After dropping off your tax forms at the Post Office, you find 100 people standing on the sidewalk. Forty of them will be excused from paying income taxes thanks to Congress. Twenty of them, the middle class, will pay barely a thing. The 40 people who remain, the upper middle class and the wealthy, will pay nearly all of the income taxes.”

What’s my take on Mr. Fleischer’s quote? In the 2004 tax year the wealthiest one percent of Americans paid 37% of all taxes, even though their incomes represented only 17% of the national total. This represents double the proportion of taxes paid by the wealthiest one percent of taxpayers in 1979 – who paid a collective 18% of the total.

Looking at incomes near the bottom of the ladder, those making under \$43,000 annually paid less than one percent of all United States personal income taxes. After taking into account all government benefits and tax offsets, one can earn \$40,000 and pay no net taxes.

Therefore 60% of Americans live in a national system where 40% pay all the bills. There’s something terribly wrong with this picture. So long as the wealthiest among us has the opportunity to generate even more wealth, the system may not collapse. But if personal income tax rates are increased on the wealthiest Americans who already “carry the load” it is likely that the capital creating

that wealth will leave the country. The global open marketplace and free flow of capital in and out of those markets will certainly insure such a result over time.

Another byproduct of higher tax rates will be the increase of the underground or “black market” economy, resulting in the decrease of government revenues. When government revenues decrease, those dependent upon the government suffer.

Instead of focusing on income distribution, the Congress should work for increased wealth creation for everyone. Whether it is rebuilding the decaying infrastructure of our country, promoting access to broad band communications, strengthening the educational system or fixing what’s wrong with health care, the government can and should be working on matters that enable our populace to thrive.

It takes an informed and vocal electorate to make this happen. When you watch or communicate with political candidates, don’t think about who is winning the primary “horse race” according to the polls. Rather email the candidates about the issues important to you and to our country. The people get the political leaders that they deserve. Let’s deserve better.

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