

Do Wealthy Americans Pay Their Fair Share of Taxes?

A new *Associated Press*-GfK poll finds that 68 percent of Americans think the wealthy don't pay enough federal taxes in America. At the same time, the poll reveals that six of 10 respondents believe the middle class pays too much.

This poll result has caused many media mavens to conclude that the voters support President Barack Obama's policies to raise investment taxes on the super-rich and spread the wealth around to people lower down on the economic ladder.

It's no great surprise that middle class voters are feeling overtaxed. This has been a dreadfully slow recovery and millions in the middle class are treading water at best.

Over the past five years (ending this past November) median household income inched up just percent (or \$75 yearly for the median family), so the idea of taxing someone else's paycheck sounds mighty appealing.

But the idea that the rich aren't paying any taxes is based on misinformation fed to voters. They have been told over and over by politicians and the media that the wealthiest among us—Warren Buffett, Mark Zuckerberg, Tom Brady, and Taylor Swift—are paying very little income tax compared to the rest of us.

We are told by no less than Barack Obama that these millionaires and billionaires have all the money, but they don't bear much, if any, of the burden to pay for the schools, and the roads, and the police, and the welfare benefits, and the rest of the tasks of government.

So time for a reality test. Mr. Obama wants to raise the income tax payments from the top 1 percent to level the

playing field and enhance tax “fairness.”

The top one percent earned 19 percent of the total income and paid 35 percent of the federal income tax. So one of 100 shouldered 35 percent of the entire burden. And the average of the five most recently reported years (2007-2011) is closer to 40 percent.

Several years ago Al Sharpton, now of MSNBC, said the “top 1 percent in this country pays very much less than 10 percent” of the income tax. Most Americans no doubt believe the same thing.

The top 10 percent pay two-thirds of the income tax. And the bottom 50 percent – all Americans with an income below the median – pay just 3 percent of the income tax.

The federal income tax, according to a recent study by the Tax Foundation, is one of the most progressive tax systems in the world. Scott Hodge, president of Tax Foundation, says: “Almost no other industrialized nation depends on the rich to pay the bills more than the United States.”

What about the super duper rich? The multimillionaires and billionaires. Warren Buffett famously says he pays a smaller share of his income in tax than his secretary. But when properly accounting for the taxes paid and income earned, the top 0.1 percent paid 16 percent of the income tax.

So the top 0.1 percent paid an aggregate amount more than five times that of half the population. That isn't enough?

President Obama wants to raise the capital gains and dividend taxes to 28 percent – almost twice what they were when he entered office. He wants an effective inheritance tax rate of over 50 percent. It's a Robin Hood strategy.

But raising tax rates on the rich is a proven failed policy to increase the share of taxes paid by the wealthy. History

proves that CUTTING tax rates is a better way to get money out of the rich than raising them.

In 1980 when the highest income tax rate was 70 percent, the richest 1 percent paid roughly 19 percent of the income tax. In 2007 when the top tax rate was 35 percent, the tax share of the richest 1 percent was more than twice that amount.

How did that happen? Raising tax rates on the rich takes money right out from under small- and medium-sized business owners and hurts the economy. It takes dollars from employers which leaves less left over for hiring more workers.

The best way to soak the rich is through low tax rates on work and investment, which creates a prosperous economy with rising incomes for everyone.

You don't have to believe me. Listen to John F. Kennedy who said in 1962 at the New York Economics Club that "it is a paradoxical truth that tax rates are too high today and tax revenues are too low and the soundest way to raise the revenues in the long run is to cut the rates now." Amen.

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