

Tax Reform: What Would God Do?

By Adam Chodorow

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President Bush has made tax reform one of his top domestic priorities, appointing a blue-ribbon panel to study the topic. Yet, unlike with other issues on which his position is well-known, he has indicated that he will await the release of the panel's report before deciding what to do. Options range from tinkering with the income tax to replacing it with a consumption tax. For those trying to handicap the process and predict what type of reform the president will support, the obvious tack is to study the reports the panel has collected, looking for the best idea. However, in light of the president's well-publicized penchant for turning to God, the Bible, and prayer for guidance, I would argue that the basis for his decision may lie less in those reports and more in some good old-fashioned Bible study.

So what type of tax would God favor? Based on my research into the tax systems of various religions, the answer may well be an income tax.

Although taxes are mentioned several times in the New Testament, nothing directly supports either an income or consumption tax. Jesus' most famous statement about taxes — "render unto Caesar what is Caesar's and unto God what is God's" (Mark 12:17) — supports the proposition that one *ought* to pay taxes, but sheds no light on what *type* of tax would be best.

Jesus' teachings suggest that those who have more should do more (Mark 12:41-44), and many have interpreted that to support progressive taxation, that is, those with more (read Bill Gates) should be required to pay more in taxes than those with little or nothing (read penniless orphan). Although progressivity is often associated with income taxation, leading some to conclude that Jesus would support an income tax, as the late economist David Bradford ably demonstrated, consumption taxes can be designed to be progressive, so we really can't say what sort of tax Jesus would have favored.

Clearer evidence of God's preference can be found in the Old Testament. In Exodus, God imposed a temple tax, under which all people over the age of 20 were required to pay half a shekel as atonement for their souls (Ex. 30:11-16). That is a classic "head" tax, one that is assessed equally on all, regardless of ability to pay, and without reference to income, wealth, or consumption.

Head taxes are both simple and efficient, and the president could look to the temple tax as evidence that God would favor replacing our current income tax with a head tax, say by requiring every adult resident to pay \$10,000 in taxes annually.

Two factors suggest the president will not back a head tax. First, many regard Margaret Thatcher's attempt to impose a head tax as a significant cause of her political

demise. Of course, I would never suggest that our president would let political considerations interfere with principle, but Bible-based reasons also exist for eschewing head taxes: They violate the notion found in Jesus' teachings that those who have more should do more.

The second type of tax found in the Old Testament is the tithe, which literally means "one-tenth" and refers to the practice of offering to God one-tenth of what one has acquired. At its core, that is an income tax.

The tax has its genesis in Genesis, when Isaac sent Jacob from Israel to find a wife. Jacob stopped for the night at what was to become the Temple Mount. While he slept, he saw a vision of a ladder stretching to heaven, with angels ascending and descending upon it. In that dream, God informed Jacob that he would give to Jacob and his offspring the land on which he was lying and that God would be with Jacob wherever he went. When he awakened, Jacob vowed: "And of all that thou shalt give me I will surely give the tenth unto thee" (Gen. 28:22).

Notably, Jacob did not declare that he would give a tenth of what he *consumed* unto God. And God did not respond that a consumption-based giving would be simpler to implement and be more efficient, thus imposing less of a drag on the economy.

God's apparent preference for an income tax was more clearly revealed when Moses relayed God's law to the Israelites before they entered Israel. Referring to the produce that would be grown in Israel, Moses said: "Thou shall truly tithe all the increase of thy seed, that the field bringeth forth year by year" (Deut. 14:22). Indeed, despite God's warning that one not test him, in both Proverbs and Malachi it is written that those who tithe can expect to be rewarded for so doing (Proverbs 3:9-10 and Malachi 3:10).

So what's my Bible-based prediction? Personally, I'm hoping President Bush will replace our current income tax with one that applies only to produce grown in the land of Israel. I happen not to grow any produce in Israel. Absent that luck, I'm putting my money on a decision to retain the income tax and tinker around its edges. What will Bush actually do? God only knows.