



TIME FOR MILLIONAIRES TO PAY THEIR FAIR SHARE

Of 144 million tax returns filed last year, [less than 500,000](#) had taxable income over \$1 million. At the same time, though, while middle-class families struggled, [7,000 millionaires](#) paid no individual income tax at all in 2011. That's just not right. Even conservative icon Ronald Reagan argued that it's "[crazy](#)" for millionaires to pay nothing while bus drivers pay their fair share. Economists, investors and even [millionaires themselves](#) support millionaires and billionaires finally paying their fair share.

400 Wealthiest Households – With Average Incomes of \$271 Million a Year – Paid Just 18% in Income Taxes. The top 400 richest Americans, all making over \$110 million per year and making an average of \$271 million per year, paid only 18 percent of their income in income taxes in 2008. In fact, since the mid-1990s, the share of taxes paid by the wealthiest 400 Americans has fallen by nearly 40 percent, from 29.9% in 1995, even as their average incomes roughly quadrupled. [[IRS](#)]

Tax Rates for Wealthiest 1% Have Plummeted Since 1979, While Rates For Middle-Class Families Remained Fairly Stagnant. “Since 1979, our overall average tax rate has fallen slightly, but for those at the top of the income ladder, the rate has fallen dramatically. While average tax rates went from 22.2 percent of income in 1979 to 20.4 percent of income [in 2007], for the top 1 percent of households the rate has fallen from 37 percent of income to 29.5 percent of income, a reduction of over a fifth.” [EPI, [9/19/11](#)]

7,000 Millionaires Paid No Individual Income Taxes in 2011. According to the Tax Policy Center, 7,000 millionaires paid no individual income taxes in 2011. [The Atlantic, [9/21/11](#); Tax Policy Center, [7/13/11](#)]

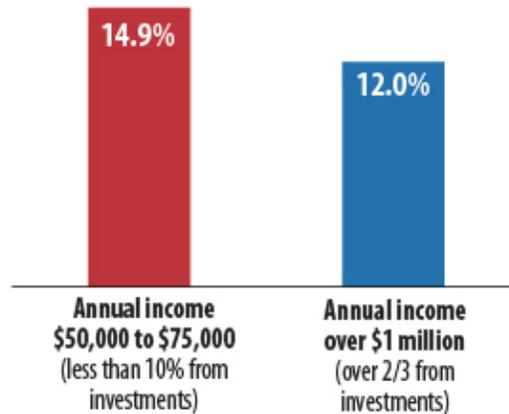
Many Middle-Class Families Pay A Higher Tax Rate Than the Richest .01%. “According to the Congressional Budget Office, the richest 0.01 percent (those with incomes of \$8.6 million and above) paid a combined 17.5 percent in individual income and payroll taxes in 2005, the last year for which such data are available. The group of households with incomes ranging from \$45,200–\$92,400 paid only a little less on average, at 15.7 percent. The group of households with incomes ranging from \$30,500–\$45,200 paid 12.5 percent. Of course, there are wide variations within those income ranges, meaning that many middle-class families paid much more than the 17.5 percent average paid by the very rich, while many in the top 0.01 percent paid less than that.” [CBO, [December 2008](#); CAP, [9/20/11](#)]

Typical Middle-Class Families Pay Higher Tax Rates Than Some Wealthy Americans Who Rely on Capital Gains and Dividends. Chuck Marr of the Center on Budget and Policy Priorities wrote, “People with incomes between \$50,000 and \$75,000 who receive most of their income from their paychecks (as middle-class people generally do) pay 14.9 percent of their income in federal income and payroll taxes, according to TPC. This ‘effective tax rate’ is higher than the comparable rate faced by those people with incomes over \$1 million who receive more than a third of their income from capital gains and qualified dividends. Millionaires who receive one-third to two-thirds

of their income from these preferential sources face a 14.6 percent rate. Millionaires who derive more than two-thirds of their income from these sources face a 12.0 percent rate.” [CBPP, [9/30/11](#)]

Typical Middle-Class Households Face Higher Tax Rates Than Some High-Income Households

Effective rate of federal income and payroll taxes on selected households, 2011



Source: Tax Policy Center (Table T11-0317)

[Center on Budget and Policy Priorities | cbpp.org](#)

When Looking at All Taxes Paid, Middle and Lower Income Families Pay a Higher Percentage of Income in State Taxes Than Wealthiest 1%. “Conservative lawmakers and pundits often claim that the richest Americans are paying a disproportionate share of taxes while a huge number of lower-income Americans pay nothing at all. They’re wrong. It’s true that the very rich pay a large share of federal income taxes, and that many taxpayers are too poor to owe any federal income taxes. But federal income taxes are only part of the picture. Other types of taxes, like federal payroll taxes, federal excise taxes, and state and local taxes are regressive, meaning they take a larger share of income from a poor or middle-class family than they take from a rich family.” According to one study, the top one percent of households pays 7.9 percent in state and local taxes as a percentage of income. The lowest 20 percent pays 12.3 percent. [Center for Tax Justice, [4/15/11](#)]

According to a 2009 Study, Middle Class Families Pay More in Taxes than the Wealthy.

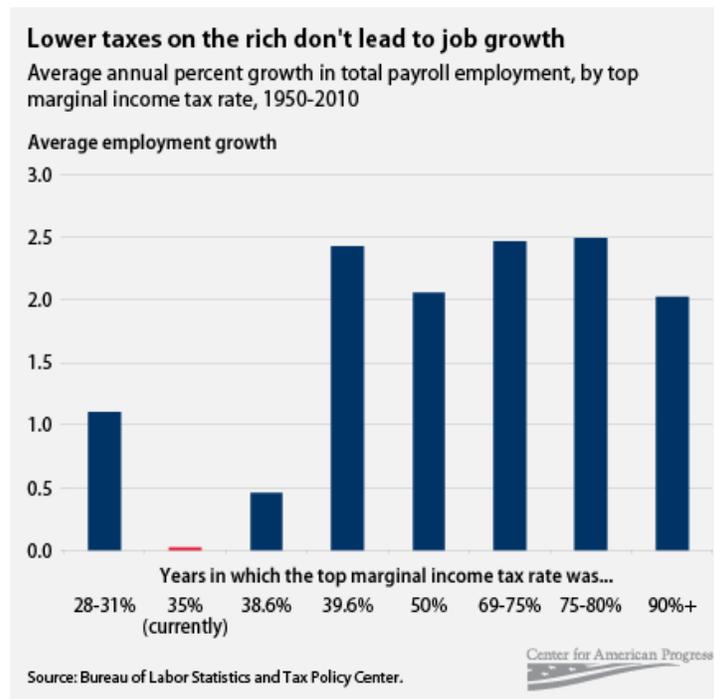
According to a 2009 study by the Institute on Taxation and Economic Policy, “nearly every state and local tax system takes a much greater share of income from middle- and low-income families than from the wealthy. That is, when all state and local income, sales, excise and property taxes are added up, most state tax systems are *regressive*.” [ITEP, Who Pays? [November 2009](#)] *Note: Click [HERE](#) for State-by-state data*

CEO Pay Jumped 23% to \$10.8 Million in 2010. “The median pay for top executives at 200 big companies last year was \$10.8 million. That works out to a 23 percent gain from 2009... And it’s not as if most workers are getting fat raises. The average American worker was taking home \$752 a week in late 2010, up a mere 0.5 percent from a year earlier. After inflation, workers were actually making less.” [New York Times, [7/3/11](#)]

Contrary to Republican Claims, a Surtax on Millionaires Does NOT Target Small Business Owners and Will NOT Prevent Job Growth

Treasury: 99% of Taxpayers Who Own Small Businesses Earn Less Than \$1 Million. A 2011 report from the Treasury Department estimates that 89 percent of taxpayers who own small businesses earn under \$200,000 in total income – and only 1% earn \$1 million or more. [Department of the Treasury, Office of Tax Analysis, [August 2011](#)]

“The Country Has Actually Enjoyed Higher Job Growth During Years With Higher Top Tax Rates.” Michael Ettlinger of the Center for American Progress testified, “In 1993 President Bill Clinton raised taxes on the wealthy. Nevertheless, over the next seven years, the income of the richest 1 percent almost doubled. In short, if we’re worried about America’s wealthy losing the will to seek profits by investing, starting businesses, and hiring people—it seems that bumping up top marginal tax rates a few points does little to dampen their quest for greater income or the attendant benefits that brings to the economy. In fact, when one looks at the relationship between top marginal tax rates and job growth you find that the country has actually enjoyed higher job growth during years with higher top tax rates.” [Senate Finance Committee, [7/26/11](#)]



After Bush Tax Cuts, Total Average Monthly Job Growth Was Still 2nd Worst Since WWII.

“Looking at the economic cycle from peak-to-peak, March 2001 to December 2007, the U.S. economy added only 5.6 million jobs, an average of 68,000 jobs per month. Excluding the brief cycle that came with the so-called double-dip recession of the 1980s, the Bush business cycle produced the third-worst record of job creation of any cycle since World War II. Even looking just at the period between August 2003—when the second round of tax cuts went into effect—and the end of the expansion in December 2007, average monthly job growth was still only 158,000 per month, or barely half a percent per month, the second-weakest pace of any economic cycle since World War II.” [CAP, [February 2009](#)]

More Jobs Were Created After Clinton Raised Taxes on Wealthy Than After Reagan Cut Taxes on Wealthy. Columnist Ron Brownstein wrote, “In 1981, President Reagan massively cut taxes with his supply-side reductions in income-tax rates. Still sluggish at first, the economy eventually soared for the remainder of his presidency. By the fourth year after Reagan signed the tax cut, the economy had created 6.3 million new jobs (an increase of 6.8 percent); eight years on, the economy had created 16.5 million new jobs, up 18 percent. Sounds like a pretty good case for tax cuts. But the economy produced even *more* jobs after President Clinton raised taxes on the wealthy in 1993. Four years after Clinton’s tax increase—which Republican opponents at the time denounced as a certain job-killer—the economy had produced 11.8 million new jobs, an increase of nearly 11 percent. Eight years after the tax increase, the economy had added 20.6 million jobs, up 18.6 percent. Measured in both absolute and percentage terms, the economy produced more jobs after Clinton raised taxes than after Reagan cut them. Then, after President George W. Bush’s massive 2001 tax cut, the economy recorded its most dismal decade for job creation since the Great Depression.” [National Journal, [7/15/11](#)]

Buffett: History Shows Argument That Higher Tax Rates Hurt Job Creation is a Myth. Warren Buffett, chairman and chief executive of Berkshire Hathaway, wrote in August, “to those who argue that higher rates hurt job creation, I would note that a net of nearly 40 million jobs were added between 1980 and 2000. You know what’s happened since then: lower tax rates and far lower job creation.” [New York Times, [8/15/11](#)]

Economists and Investors Overwhelmingly Support a Millionaire Tax

Bloomberg: Nearly 2/3 of Investors Support Tax Increase for Millionaires. “Global investors overwhelmingly support President Barack Obama’s proposed tax increase for those earning annual incomes of \$1 million or more in an effort to reduce the deficit. By a margin of 63 percent to 32 percent, respondents in a Bloomberg Global Poll approved of the president’s proposal, known as the ‘Buffett rule.’” [Bloomberg, [9/30/11](#)]

Krugman: “There Are A Lot Of Very-High-Income Guys Paying A Lower Tax Rate Than Their Secretaries.” Paul Krugman explained, “40 percent of taxpayers with incomes between 30K and 40K pay more than 12.9 percent of their income in income and payroll taxes; meanwhile, 25 percent of people with incomes over \$1M pay less than 12.6 percent of their income in these taxes. This suggests that there are a *lot* of very-high-income guys paying a lower tax rate than their secretaries. And that doesn’t even take into account state and local taxes, which are quite regressive... There are a lot of rich people basically free-riding on the system.” [New York Times, [9/21/11](#)]

Venture Capitalist: “The Idea That The Wealthy, People Like Me, Shouldn't Pay Their Fair Share In A Democratic Capitalist Society Is Ludicrous.” Millionaire venture capitalist Nick Hanauer argued last year, “since 1980 when Ronald Reagan was elected we waged a 30-year war on the middle class in this country. In 1980 the top one percent, people like me, commanded just eight percent of national income. Today, we get 24 percent... the idea that the wealthy, people like me, shouldn't pay their fair share in a Democratic capitalist society is ludicrous.” [FOX Business, [11/30/10](#)]