



# COALITION ON HUMAN NEEDS

## Tax Day Thoughts and Actions

For human needs advocates, one big action on tax day is paying our taxes.

We don't mind too much, because we know our tax dollars pay for services Americans need.


While most of us are paying responsibly, the tax rates actually paid by the wealthiest among us have plummeted, even while their pre-tax incomes have soared. That's not fair. And it means there is not enough revenue to meet vital needs, even though middle class taxpayers have been paying about the same rates for the past 30 years. That could make you downright angry.


***But anger without action isn't helpful to anyone (except maybe antacid companies).*** You can send an [email](#) to your members of Congress drafted by our friends at Citizens for Tax Justice - and help to stop further unaffordable tax breaks that overwhelmingly benefit the wealthy.


The [Citizens for Tax Justice letter](#) says: stop giving away more tax breaks to the rich that swell the deficit and/or force cuts in services. It tells Congress to support a rule called "pay-as-you-go" - to prevent tax breaks that aren't paid for. If Congress has to find billions or trillions to pay for new or extended tax breaks, there's a chance it won't be so casual about passing them. Click [here](#) to read and - we hope - send the letter:

[http://www.democracyinaction.org/dia/organizationsORG/CTJ/campaign.jsp?campaign\\_KEY=7180](http://www.democracyinaction.org/dia/organizationsORG/CTJ/campaign.jsp?campaign_KEY=7180)

### ***Back to anger-provoking tax facts:***

 The federal tax rates of the top 1 percent have plunged over the past 30 years - from an average of 47 percent of their income in federal taxes in 1970 to 30 percent in 2004. On average, that tax rate reduction resulted in \$200,000 more income for households averaging \$850,000 in 2004.

 The top 1 percent is not a needy group. Even without taking the tax break largesse into account, the richest one percent doubled their share of the nation's income over the same three decades. Does that seem like old news? In the most recent year (2004-2005), the richest one percent's income soared 12 percent, while the bottom 90 percent eked out less than a one percent gain.

 The tax cuts since 2001 made income inequality worse. Two respected economists applied the tax cuts made since 2001 to data about incomes in 2000, and found that if those tax cuts had been in place, the richest 1 percent would have gained a larger share of national income than they really had in that year. (Source: [Center on Budget and Policy Priorities: http://www.cbpp.org/3-29-07tax.htm](http://www.cbpp.org/3-29-07tax.htm))

☹️ A typical U.S. family paid \$3,736 in federal income taxes in 2006. Nearly half of that paid for military expenditures and interest on the debt (\$1,739, or 46.5 percent). \$169 was spent on education. \$11 went for job training. Are these the right priorities? (Source: [National Priorities Project](http://nationalpriorities.org). You can find out where tax dollars go for a typical family in your state or community: [http://nationalpriorities.org/index.php?option=com\\_content&task=view&id=286&Itemid=61](http://nationalpriorities.org/index.php?option=com_content&task=view&id=286&Itemid=61))

☹️ Some in Congress are considering repealing the **Alternative Minimum Tax (AMT)**, even though that would lose \$800 billion to \$1.5 trillion over 10 years. The AMT was created in order to ensure that rich households do not escape all federal income tax because of their energetic use of shelters and deductions. Because it was never indexed for inflation, families with incomes of about \$50,000 or more are starting to have to pay the higher tax, with lower incomes affected each year. But 89 percent of the AMT's revenue comes from taxpayers with incomes over \$100,000. Exempting those with less than \$100,000 for a year would cost about \$10 billion; exempting \$150,000 or less would cost about \$24 billion. That's a lot, but it's far less than the cost of full repeal, and such exemptions can be paid for from progressive sources. For example, Citizens for Tax Justice has suggested eliminating the capital gains and dividends loophole in the AMT - a prime way to reduce the loss of revenue from tax shelters for the most affluent. Members of Congress often don't ask the "Compared to what?" question. Should cutting taxes households with incomes of \$150,000 - \$200,000 or more be a higher priority than health care, education, or affordable housing? For the cost of a year of full repeal, we could open the State Children's Health Insurance Program (SCHIP) to all eligible children for **five** years, with enough left over for big investments in many other human needs services. We can spare the non-rich without making people with far less pay the price. (Sources: [Center on Budget and Policy Priorities](http://www.cbpp.org/4-2-07tax.htm): <http://www.cbpp.org/4-2-07tax.htm> and [Citizens for Tax Justice](http://www.ctj.org/pdf/amtsolution.pdf): <http://www.ctj.org/pdf/amtsolution.pdf>)