

Immediate Release

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“Tax Freedom Day” Ignores What Our Taxes Buy

As the Tax Foundation lauds its national “Tax Freedom Day” on April 9, other state and national tax groups are cautioning the public about the validity of the foundation’s research. Tax Freedom Day is based on the Tax Foundation’s estimate of when Americans have earned enough to pay all federal, state and local taxes for the year.

“The foundation of the Tax Foundation’s report has some serious cracks,” said Ted Boettner, executive director of the West Virginia Center on Budget and Policy. “The estimates are misleading in that they significantly exaggerate the amount of taxes paid by typical middle-income workers.”

According to the national Center on Budget and Policy Priorities:

“Authoritative figures from the non-partisan Congressional Budget Office show that middle- and even upper-middle-income Americans pay a considerably smaller share of their income in taxes than the Tax Foundation report implies. The CBO data suggest that 80 percent of U.S. households pay federal tax at a lower rate than the Tax Foundation’s estimated ‘average’ federal tax burden.”

But the problem runs deeper, critics say. The Tax Foundation report ignores the goods and services taxpayers get for their money – schools, roads, health programs and public safety, to name a few.

“I don’t like paying taxes any more than I like paying my electric bill,” said Boettner. “But I value the lights, heat, stove, refrigerator and computer that paying my electric bill makes possible.”

Taxpayers deserve all the facts, not half the story, according to Boettner. The public conversation about taxes needs to include what we want our government to pay for. For example, every dollar in state spending in West Virginia provides:

- 34 cents for health and human service programs
- 22 cents for public schools
- 12 cents for roads and transportation

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- 7 cents for public safety
- 5 cents for higher education
- 5 cents for executive, judicial and legislative offices
- 5 cents for the worker's comp debt
- 3 cents for environmental protection
- 2 cents for commerce

“Just as a family budget reveals our personal priorities about how to live, our ‘public budget’ reflects our shared priorities about what we want for our nation, states and communities,” said Boettner. “These decisions directly influence the quality of education that our children receive, the level of infrastructure that businesses need to thrive, and the sense of security we have in our communities. *This* is the conversation we should be having.”

The Tax Foundation also estimates a Tax Freedom Day for each state. West Virginia's day passed without fanfare on March 30 this year. West Virginian ranks fourth lowest in the nation in the percentage of personal income paid in taxes, according to the Tax Foundation report.

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The West Virginia Center on Budget and Policy (www.wvpolicy.org) is a public policy research organization that is nonpartisan, nonprofit, and statewide. The Center focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families.

The Washington, D.C.-based Center on Budget and Policy Priorities works at the federal and state levels on fiscal policy and public programs that affect low- and moderate-income families. The report “Tax Foundation Figures Do Not Represent Typical Households’ Tax Burdens: Figures May Mislead Policymakers, Journalists, and the Public” is available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3139>.