ATF evergreen oped

Restoring Some Fairness to Our Tax System

By Sarah Chaisson Warner

One widely debated issue right now is the so-called "fiscal cliff" of over $100 billion in automatic spending cuts (often referred to as "sequestration cuts") and about $500 billion in expiring tax cuts due to take effect in January unless Congress takes action to reduce or stop them.

The expiring tax breaks include the Bush-era tax cuts that came up during the first presidential debate. They give wealthy people earning over $1 million a year an average tax break of about $160,000.

In late July, the U.S. Senate sought to make the Bush tax cuts more equitable by approving the Middle Class Tax Cuts Act. The bill would extend the Bush tax cuts for one year on the first $250,000 of income for every American household, but end the extra tax breaks above that income level that only go to the richest 2 percent. If the U.S. House of Representatives also passed the bill, President Obama promised to sign it into law immediately.

Unfortunately, one week later, the House rejected the Senate-passed middle-class tax cut bill. Instead, it approved a bill, which President Obama has promised to veto, that would extend all the Bush tax cuts, including the extra tax breaks that disproportionately benefit the richest 2 percent.

The House-passed bill would result in 43 percent of the total tax cuts going to New Hampshire households making more than $250,000, according to a recent joint report by Americans for Tax Fairness, Citizens for Tax Justice and the National Women's Law Center. [For stats in our 30 target states, go to http://www.americansfortaxfairness.org/state-reports/ and replace hyperlink with the one for that state.]

The House-passed bill would help pay for these extra tax breaks for the richest 2 percent by raising taxes on 25 million working families by ending a tax credit that helps make college affordable and rolling back improvements to the Child Tax Credit and the Earned Income Tax Credit, according to The National Economic Council. In New Hampshire, 120,000 families receive the Child Tax Credit alone. [You can find out the number of families in all 50 states that receive the Child Tax Credit on page 19 at http://www.whitehouse.gov/sites/default/files/uploads/middleclassreport_7_24_2012.pdf]

Finally, continuing the tax cuts for the wealthy few will make it harder to address our budget deficit. In fact, ending the Bush tax cuts for the richest 2 percent would save nearly $1 trillion over a decade, compared to extending all of the Bush tax cuts, according to the non-partisan Congressional Budget Office.

Our country simply can't afford to keep giving tax breaks to the wealthy and still meet our pressing needs, like preventing deep funding cutbacks in education for our kids and Medicare for our seniors.

Americans applaud financial success. But when the rich get special tax breaks they don't need and the country can't afford, the middle class has to make up the difference – and that's not right.

It's time to start making our tax code fair to average people who work hard and play by the rules, not just the wealthy who lobby hard and rewrite the rules in their favor.

And those who have been elected to high office should give us a tax code that reflects the interests of the middle class, instead of looking out for the interests of their wealthiest campaign contributors and their lobbyists. It's not fair that the rich and big corporations get special breaks and loopholes that ordinary people and small businesses don't get.

That's why Congress needs to do the right thing when it revisits this issue later this year: end the Bush tax breaks for the richest 2 percent who don't need them, and extend the tax cuts for the other 98 percent of Americans who do need them. It would be a good start to help get our nation back on track.

Sarah Chaisson Warner is Executive Director of New Hampshire Citizens Alliance for Action.

ATF Partner Oped

Opinion: Our economy's health depends on middle class, not rich elite
Portland [Maine] Press Herald, Oped by Jesse Graham, Director of Maine's People Alliance, 10/4/2012

If you've ever suspected that all the talk of how cutting taxes on the wealthy boosts our economy was just a cover story for allowing the rich to get richer, a new nonpartisan report bears you out.

Turns out there's no correlation between how much the richest Americans pay in taxes and how fast our economy grows.

But there is a strong connection (surprise!) between the level of those taxes and our nation's growing income inequality.

These findings, from the Congressional Research Service (CRS), couldn't have come at a more important time.

Not only are taxes and the economy key issues in this fall's political campaigns, but after Election Day, Washington will be struggling to steer the country clear of the so-called "fiscal cliff" of huge and indiscriminate budget changes.

Raising taxes on the wealthy is one sure way out of the crisis, but some politicians are resisting, based on the theory that even modest tax hikes on high-earners would slow economic growth.

The CRS set out to test that theory.

Using sophisticated statistical analysis, its researchers matched up tax rates at the very top of the income scale with the state of our economy since the end of World War II.

In addition to economic growth, they looked at savings rates, investment levels and productivity gains.

In each case, they found that higher upper-income tax rates either had no effect, or even slightly improved the measure under study.

How could that be?

We've been told again and again that higher taxes on the rich would discourage "job creators" and dampen our recovery.

The answer is simple: Our economy is not in fact dependent for its health on a tiny moneyed elite, but rather on the broad middle class.

Or as the report puts it: "It would be reasonable to assume that a tax rate change limited to a small group of taxpayers at the top of the income distribution would have a negligible effect on economic growth."

And the report doesn't even take into account beneficial effects on our economy of the healthier government balance sheet and infrastructure investments made possible by revenue raised from the super rich under a fairer tax system.

While the rates paid by the wealthiest taxpayers have no effect on economic growth, they do contribute directly to the nation's destabilizing income inequality.

Of course, you don't have to be a statistician to figure out that if the ultra rich keep more of their huge incomes for themselves and contribute a smaller portion to the common good – thereby impoverishing the promoters of general prosperity like education and health care – our income divide will widen.

And that's just what's happened.

Average tax rates on the nation's wealthiest households are at the lowest level in 65 years, having declined fairly steadily since 1945.

Over that same period, the average real income of all Americans has about doubled – not a very impressive result for 67 years, and pretty much all of it coming in the first 35 years.

But the results are far sunnier for those at the top.

Income is five times the 1945 level for households in the top one-tenth of one percent and eight times higher for the top one-hundredth of one percent.

The share of the nation's income flowing to that 0.1 percent of households has gone from 4.2 percent right after the war, to 12.3 percent in 2007 (dipping slightly in the financial panic that followed).

We can use our new knowledge to reverse these troubling trends.

In the "fiscal cliff" negotiations at year's end, sensible members of Congress from both parties can strike a budget deal that includes higher taxes on the wealthy, such as allowing the Bush-era tax cuts on households making over $250,000 dollars a year to expire.

We now know such a revenue increase won't hurt the economy.

But it will lower deficits, allow for targeted public investments, and begin to close the income divide that's tearing our country apart.

Big Businessman Oped

Myths and millionaires
Boston Globe, Oped by former Stride Rite CEO Arnold Hiatt/Member, Voices for Progress, 10/24/2012
[Oped syndicated by American Forum]

As every good businessman knows — including Governor Romney with whom I had been associated as a limited partner at Bain Capital Ventures —the soundness of a company and its ability to create jobs does not rest on lower taxes for the company or its senior management.

If Governor Romney and congressional Republicans, including Senator Scott Brown, continue to insist on renewing the special Bush tax cuts for the wealthiest 2 percent of Americans, it will do nothing to create jobs. It is a fiction, pure and simple, that taxing so-called “job creators” will have an adverse effect on the economy.

Just the reverse is true. Instead of making millionaires even richer, those tax dollars can be used more constructively to retain teachers and policemen and firemen and repair roads and bridges. These are all essential services that will rebuild our economy and maintain a civil society. In addition their tax dollars will contribute to deficit reduction.

The son of a Lithuanian immigrant to this land of now diminishing equal opportunity, I had the good fortune to start a small company that enjoyed a measure of success that was eventually acquired by The Stride Rite Corporation. Twelve months later I was asked to become president of Stride Rite.

Throughout the last 10 years of my tenure, the company’s return on investment was in the top 1 percent of all companies listed on the New York Stock Exchange. We created thousands of new jobs. By the time I left, we had over 5,000 employees. Our success rested on the quality of the product and service provided to consumers. This was a reflection on the workforce as well as the management. My success could not have been possible without the people, whom we continued to hire and to train as we grew. I depended on them as much as they upon me.

My taxes were sometimes as high as 70 percent on the top level of my income — far higher than millionaires would now pay if the special Bush tax cuts are allowed to expire. But that tax rate never discouraged me or anyone else from growing a company.

The myth of millionaires as job creators being turned off by higher taxes is the creation of some members of the House and Senate who are funded by these same millionaires. Many millionaires never create any jobs at all. Those who do will create them regardless of the tax rate. It is a matter of record that during the time tax rates, both corporate and personal, were so much higher, our economy was booming. Conversely, the slowest job growth since World War II took place between the Bush tax cuts for millionaires and the 2008 economic meltdown.

Two months ago, every Republican in the House and Senate, along with 19 House Democrats, voted against a bill extending tax cuts for 98 percent of Americans and 97 percent of small businesses. Why? Because the bill didn't include a renewal of the special Bush tax cuts that go only to the richest 2 percent of us. If so, I hope they will take a fresh look at the facts.

Allowing the wealthiest 2 percent to withhold tax dollars robs children of health and education. It is not only immoral it is bad economics. They are the future of our country which has begun to fall behind our competitors. It is also destroying the American Dream which brought my father to this country alone at age 15. Both he and the Founding Fathers would agree that the future of this nation should not be compromised by the shortsightedness of those so well off in the present. These are not the values that made this country great.

Farmer Oped

Iowa View: A farm lesson for leaders voting for Bush tax cuts
Des Moines Register, oped by Clear Lake farmer Chris Petersen/Member, Iowa Main Street Alliance, 10/23/12 [Oped syndicated by American Forum]

….I'd like to offer a little farming advice to our elected leaders, particularly the senators and representatives — including Chuck Grassley, Tom Latham and Steve King — who recently voted to extend the extra Bush tax cuts for the richest 2 percent of American taxpayers: You reap what you sow….

Some leading politicians object that ending the special breaks at the top of the income scale will hurt small businesses and family farms. Try making that argument to me, a family farmer, while keeping a straight face. I'll be laughing you right out of the fields.

….If our elected representatives really want to help family farmers and small businesses, here's what they should do: Pass a farm bill that's good for us, not a giveaway to agribusiness. Fund infrastructure to rebuild the crumbling roads and bridges we rely on. Create and protect incentives for wind energy so Iowa can continue to lead the home-grown renewable energy revolution. Protect Medicare and Social Security so we'll all have something to rely on when we retire.

If we want a strong economy and a strong country for the long haul, these are the investments we should be sowing now — not more bad seed tax cuts for the richest 2 percent.

Small Businessman oped

I'm a small businessman and I'm glad to pay taxes

Pittsburgh Post-Gazette, Op-ed by Josh Knauer, president and CEO of a Pittsburgh-based software company, Rhiza Labs/Member, American Sustainable Business Council, Business for Shared Prosperity, 9/17/2012 [Oped syndicated by American Forum]

As a software entrepreneur, I find it ironic to see people going online to rail against taxes and government spending. The Internet grew from government research financed by earlier generations of taxpayers. So did computers, GPS technology and many other technologies we take for granted today.

The Global Positioning System we access from our phones, computers and cars was developed and is still operated by the Department of Defense, which does not charge user fees.

We know the companies making the latest commercial products, but not the history of private and public sector innovation and partnership behind them. A strong collaboration between the public and private sectors is essential for the continued innovation and job creation necessary to keep our country competitive in the global market.

My company, Rhiza Labs, was recently named one of Pittsburgh's 10 fastest-growing tech companies. We make easy-to-use tools for collecting, analyzing and sharing data online. My business has directly benefited from the tax dollars that went into the research that created Internet technologies long before Rhiza was established. Like many businesses, we've had customers from both the public and private sector -- from AT&T and Comcast to Pittsburgh Public Schools and the United Way.

In today's polarized political debate, too many politicians speak of taxes as a cost that businesses should seek to avoid, or worse, as a cost that strangles and threatens the very future of free enterprise. In fact, my business and businesses generally have gotten a very good return on our tax dollars.

We need to invest more in basic research to plant the seeds for the next inventions that will change our lives in ways we can't presently imagine. We need to invest in science and math education so our children have the tools to become the engineers, entrepreneurs and job creators of the next generation.

U.S. students used to lead the world in these important subjects, but continuing budget cutbacks and teacher layoffs have left us falling behind our international competitors.

Investments in science and math education now will pay dividends later for companies like mine because we will have a broader pool of job candidates from which to hire. Tax dollars were a vital component in America's past innovations and infrastructure, fostering economic success. Tax dollars remain a vital component of our economy today.

Unfortunately, we've been laying off people in very important jobs such as public safety and education while letting our roads, bridges and schools fall apart to help pay for a decade's worth of tax cuts for our nation's most affluent households. To justify continuing this harmful policy, tax-cut defenders claim that letting the Bush-era tax cuts expire for those with incomes above $250,000 would hurt our nation's small businesses. That's ridiculous.

Fewer than 3 percent of tax returns listing business income have taxable income over $250,000, and many of these fortunate taxpayers are Wall Street investment partners, lawyers and large-company CEOs earning income from service on corporate boards or renting out their vacation homes -- not the picture of small businesses most of us hold. Indeed, only the richest 2 percent of Americans have any income above $250,000, and everyone would keep tax cuts on their first $250,000.

Contrary to what tax cut defenders claim, job creation is driven by customer demand, not taxes. Businesses don't pay taxes on their total revenues; they pay taxes on their income after deducting expenses like the cost of hiring and paying employees.

My business would be hurt far more by allowing the tax cuts for America's most fortunate to continue and instead slashing budgets for things like public education, research and infrastructure to pay for them.

My business is based in Pittsburgh, which would be in disastrous shape today if its leaders hadn't responded to the decline of the steel industry with bold initiatives to reinvest tax dollars in the region. Pittsburgh is a success story in reinventing itself from a steel town to one that has successfully nurtured technology-based businesses, like mine. Moreover, technology, much of it rooted in taxpayer-financed research, has allowed Pittsburgh to enhance the life of its residents by reducing air and water pollution.

The taxes we pay, wisely invested in education, infrastructure and new research, are the down payments on our future success.

Politician Oped

[Collins, Snowe embody virtue of fairness in regards to taxes]

[Augusta] Kennebec Journal, Oped by Laurent F. Gilbert Sr., former Mayor of Lewiston, 8/13/2012

Maine's two sensible senators are just who we need to steer America away from the "fiscal cliff" our nation faces at the end of this year.

That's when tens of billions of dollars' worth of indiscriminate tax increases and spending cuts kick in unless Congress acts responsibly to control our federal budget. Many Washington politicians are too stuck in rigid ideology to make the compromises necessary to fix the problem.

As Mainers, we can be proud that Sens. Susan Collins and Olympia Snowe are not among them.

In addition to compromise, our two U.S. senators also embody the Maine virtue of fairness. I know this from following their public careers, but also through personal experience. As is true of so many Mainers who have reached out to either senator for help, I received some timely assistance from Collins several years ago to overcome a threat to my retirement security. Later, as mayor of Lewiston, I worked with both senators on common-sense solutions to improve the lives our fellow citizens.

Such common sense and belief in fair play are two qualities desperately needed in Washington's coming budget, tax and spending crisis. We know we have to get our financial house in order, but we also know we can't do it through spending cuts alone.

Large corporations and wealthy individuals must pay their fair share as part of the solution. That's the kind of balanced approach I know Collins and Snowe can support.

They're up against a lot of stubborn opposition, however. Even though it's clear that any responsible plan to reduce federal deficits must include a fairer contribution from large corporations and the wealthiest Americans, nearly half of Congress has signed a "pledge" never to raise any additional revenue in any form from anyone. This includes not ending tax incentives for companies that ship jobs overseas and tax breaks for international oil companies making record profits.

Here's another point of pride for Maine: We're the only state with two Republican senators who have refused to sign this insidious "pledge." Therefore, unlike too many of their colleagues, they can exercise their independent judgment in forging a balanced approach to restoring budget sanity in Washington.

A good place to start is by allowing the tax rates on the top 2 percent of households -- those families making more than $250,000 per year -- to rise slightly, back to the level of the Clinton administration in the 1990s, a time of unprecedented prosperity.

The lower rates these wealthier taxpayers are enjoying now were meant to be temporary and were passed when the federal government experienced big surpluses, rather than the deficits of today. Now we simply cannot afford huge tax breaks for the families that need them least.

No one likes to pay taxes, and as Lewiston mayor I worked to keep them as low as possible. As a military veteran and former police officer, however, I know how important it is for our public services to be adequately funded.

Veterans benefits kept food on my family's table when I was in the police force and attending college at night. A government loan program allowed me to buy the house I live in. I'm grateful for my Medicare.

Without adequate revenue -- raised from those best able to contribute, large corporations and the very wealthy -- not only is deficit reduction impossible, but important public investments such as these that have benefitted millions of Americans are put at risk.

I know Collins and Snowe want to do the right thing. Collins recently cast a vote against legislation that would have extended tax breaks for the wealthy 2 percent, and even though she didn't vote in support of the alternative legislation, I know that she will work in the best interest of everyone, not just the wealthy few.

I urge Mainers to contact them today to let them know you support a balanced approach to deficit reduction.

Teacher Oped

Budget cuts would be devastating
Denver Post, Oped by Michele Conroy, teacher at Sandrock Elementary School in Craig, 9/05/2012

My second-grade students at Sandrock Elementary School in Craig are back in school. We are ready for the challenge of reading, writing, science experiments and multiple digit subtraction to prepare for a world that will need a new generation of engineers, nurses and graphic designers.

But this year, we might have a problem that has nothing to do with the trickiness of the "i after e except after c" rule: If Congress doesn't figure out how to work out its budget problem, Colorado could lose almost $30 million in federal education funding.

In dealing with the fiscal hangover from two wars, the Bush tax cuts and the effects of the worst recession since the Great Depression, Congress agreed to an automatic $1.2 trillion budget cut if a deal to reduce the deficit hadn't been found by the end of the year. Guess what? They still haven't found a budget solution, and the cuts are coming our way at the end of the semester.

According to the Colorado Fiscal Policy Institute, Colorado school districts stand to lose:

• $11.6 million in Title I funding for schools with high concentrations of low-income students;

• $12 million in IDEA funding for students with special education plans; and

•$6.3 million in Head Start funding for high-quality preschools.

Research and experience tells us what works in increasing academic achievement among academically struggling lower-income and special-education students. School readiness is an important indicator in future academic success, and Head Start has an impressive track record.

While classroom teachers provide the first, best instruction, lower-income and special-education students typically thrive when they receive targeted, individualized intervention, coaching and other support following regular classroom activities. All of these are subject to automatic "sequestration" budget cuts on Jan. 1.

Even with the Title I funding our school receives, we still do more with less. I invest an average of $1,500 of my own money in paper, pencils, books and other materials every year because the kids need the supplies to learn. Frankly, we could use a lot more funding to prepare our students for the academic rigors ahead. The thought of trying to do even more with even less makes me want to weep.

While it is clear that we have to deal with our collective federal budget crisis, shortsighted budget cuts for education put Colorado, our kids and ultimately our future economy at risk. If we are going to protect education for the middle class and make investments that strengthen our economy, we are going to have to ask for a "fair share" tax plan.

Congress' lack of a budget solution is a big problem for our kids and our future economy. Our U.S. senators and representatives must stop the looming budget cuts.

Union oped

Maine Compass: Congress should let Bush-era tax cuts on top 2 percent expire
Kennebec Journal, Don Berry, 11/5/2012

Cutting taxes always sounds good, but before you sign up to the idea, you'd better find out which taxes, whose taxes and what the cuts will cost.

A deal that sounds too good to be true, probably is.

Leaders in Congress are saying that we can afford to extend the Bush-era tax cuts at the same time that they are demanding cuts across the board from programs that we depend on.

They argue that we must cut state aid, money for education and other programs while saddling our children and grandchildren with more debt to pay for -- not dams, highways or children's education -- more tax breaks to those who need them least.

Our tax policy reflects what our real priorities are. That's why we have to look so carefully at the temporary tax cuts that are about to expire and start asking some questions.

First, which taxes are our leaders trying to cut? Some only or mostly apply to wealthy households, so when they're kept low, only the wealthy profit. For example, the Bush tax cuts for people earning more than $250,000 a year reduced taxes on capital gains and corporate dividends that benefit primarily households at the very top of the income and wealth scales.

Next, whose taxes? Income taxes are based on ability to pay. So if income taxes are being cut by the same percentage across all income levels, wealthy households will save much more money than middle-class families. A tax cut that's worth a few tankfuls of gas for a working family might buy a rich family a new car.

Finally, what will the cuts cost us, in services lost, debts increased, or both?

When we cut public services, individuals and communities suffer, classrooms get more crowded, college tuition assistance shrinks, potholes proliferate. Bedrock middle-class programs such as Social Security, Medicare and Medicaid are squeezed and face a more uncertain future.

So cutting taxes sometimes can take us down the wrong path. In fact, right now, it's a path leading over a "fiscal cliff."

That's the term used to describe the trillions of dollars in sudden, automatic federal spending and tax changes scheduled to occur at midnight this New Year's Eve.

Prominent among those changes is the expiration of income tax cuts passed in the early years of the Bush administration.

How do the Bush-era tax cuts stack up when we look at which taxes will be cut, whose taxes would be cut, and at what cost?

These cuts were structured in a way that disproportionately aids the wealthy and have added hundreds of billions of dollars to our national debt.

At the same time, given our still-fragile recovery, it's important not to raise taxes on the middle class by allowing all of the cuts to expire.

The fact is that while tax breaks for the top 2 percent haven't brought our economy back or helped the rest of us find a job, tax cuts for the middle class have gone right back into the economy to pay for our children's college tuition and our grocery bills.

We need to compromise.

The cuts should be extended for the 98 percent of American families with annual incomes of $250,000 or less. The cuts for the top 2 percent of households, however, those earning more than that, should be allowed to expire and fairer, Clinton-era rates should be restored.

If Congress agrees to this, we will generate more than $1 trillion in revenue over the next decade. That money can be used to reduce our debt and financially strengthen Social Security, Medicare and Medicaid, without the disastrous benefit cuts and promise betrayals advocated by some politicians.

Sens. Olympia Snowe and Susan Collins can make this compromise happen. They can be leaders in forging a bipartisan budget deal that makes slightly higher taxes on the wealthy a central component of any deficit-reduction plan.

That is the kind of change in tax rates that passes the test of serving the middle class.

Don Berry is president of Maine AFL-CIO, Augusta.