



## Are Americans Tax Slaves to the Government?

by Ralph Reiland

### Summary

Americans today spend more productive time than ever working to support the myriad activities of their local, state, and federal governments. Policy makers must work to lower citizens' punishing tax burden at all levels of government.

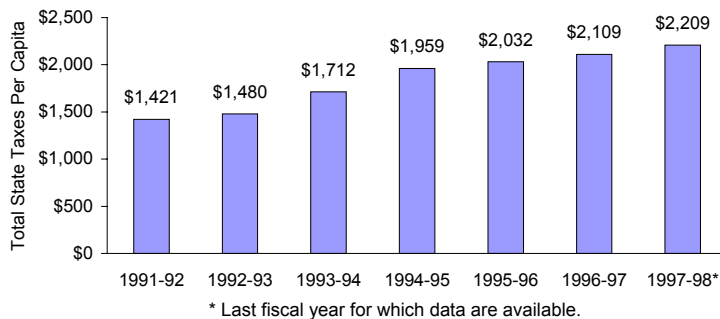
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Your taxes are done, and you're about to breathe a huge sigh of relief. Not so fast! The nightmare isn't over on April 15.

If you stop for a \$10 pizza on your way home from dropping your 1999 tax return at the post office, the taxman will be right there to grab a slice or two. On top of paying the sales tax, you will also be picking up a major chunk of what government charges the pizza-shop owner for property taxes, unemployment insurance taxes, federal payroll taxes, federal, state, and local income taxes, and worker's compensation taxes. Altogether, according to a study by Americans for Tax Reform, the taxman gets \$3.80 on that \$10 pizza.

If you're flying the next day, the taxman is up early and waiting at the airport, pocketing \$40 on every \$100 spent on an airline ticket. And he's there in the hotel lobby when you land, snatching \$43 on every \$100 of the hotel bill. Go out to dinner and another \$28 of every \$100 of the tab ends up in the government's pocket rather than with the restaurant, the farmers, truckers, and everyone else who worked together to produce the meal.

### Michigan Citizens Face an Ever-Increasing Tax Burden



Source: Michigan Senate Fiscal Agency

No matter where you turn, the hand of government has its fingers in every pocket. A recent study by Price Waterhouse shows that 30 different taxes imposed on the production and sale of a loaf of bread account for 27 percent of the average retail price. Buy some new tires and \$36 of every \$100 you pay goes to the taxman. On the price of a new car, Americans for Tax Reform says total taxes reach 45 percent of the showroom sticker price. Add some gas and 54 percent of what you pay goes for 43 different federal, state, and local taxes, rather than to the oil producer and retailer.

Taxes now eat up an incredible 38 percent of the gross income of the average family, a higher peacetime rate of taxation than the American people have ever experienced. By

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comparison, the typical two-income family in the mid-1950s paid 28 percent of its income in taxes.

Each year, the IRS sends out 8 billion pages of forms and instructions; enough paper to stretch 28 times around the earth. To comply with the U. S. tax code's maze of contradictory rules, deductions, exemptions, and loopholes, Americans are spending 5.4 billion hours and \$200 billion each year. And that's not counting the taxes paid. To put this in perspective, Americans are spending more time and money each year on their taxes than it takes to produce every car, truck, and van in the United States.

When the federal income tax was launched back in 1913, it was levied upon only the super-wealthy, the richest one-half of 1 percent of the population, with a top tax rate of only 7 percent. By the end of Herbert Hoover's term in 1933, the top rate had skyrocketed to 60 percent. By the time Franklin D. Roosevelt was finished in 1945, the top rate was over 90 percent and exemptions had been lowered to capture the incomes of the middle class for the first time.

Michigianians can take some comfort in the fact that what they pay in taxes to the state of Michigan has been, overall, virtually unchanged since 1996. But the Michigan Senate Fiscal Agency recently reported that when you add the growing burden of local taxes to your state tax bill, the total amounts to 11 percent of personal income. That's just as high as the high-tax days of Governor John Engler's predecessor, former Governor James Blanchard.

In 1913, the average family in America had to work until January 30 before earning enough to satisfy the taxman at all levels. This year, the average American family will work through mid-May in order to earn enough to pay federal, state, and local tax bills.

"Compare this to the plight of medieval serfs," says economist Daniel J. Mitchell of The Heritage Foundation. "They only had to give the lord of the manor a third of their output and they were considered slaves. So what does that make us?"

Like I said, it ain't over on April 15.

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