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Rich Or Poor? Either Way, Someone's Going To Be Taxed

By WILLIAM CIBES

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Anatole France observed that "The law, in its majestic equality, forbids rich and poor alike to sleep under bridges, beg in the streets, and to steal their bread."

If only the law, in its majestic equality, also asked the rich, as well as the poor, to share alike in helping pay for a civilized society in which no one would have to sleep under bridges, beg in the streets, and visit soup kitchens and food pantries to get a square meal. Government provides the stability, under a rule of law, that businesses need in order to flourish, and the safety and security from predators that distinguishes our society from one of anarchy and chaos. So shouldn't the rich, as well as the poor, pay at least an equal percentage share of their income in taxes?



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Unfortunately, in Connecticut, the rich pay less of a share of their income than do the poor. The Institute on Taxation and Economic Policy says that the 20 percent of non-elderly taxpayers with the lowest family incomes (less than \$26,000 annually) pay on average 12 percent of their income for state and local taxes. The richest 1 percent pay only 6.5 percent of their family income for these taxes — and because they can deduct these taxes on their federal tax returns, the net cost to these families, with family income greater than \$1.355 million annually, is about 4.9 percent of their incomes.

Some might say that the richest 1 percent of Connecticut taxpayers should be given a break on their tax bills because they contribute more to the economy than the poor. But in view of recent events, it could be argued that the very wealthy have in fact not been good economic stewards: having a greater share of discretionary income than the poor, many of them deployed it in imprudent ways, engaging in schemes that no one fully understood, exposing us all to a high risk of loss.

The supposed guardians of the free market were asleep at the switch. It's hard to argue that the facilitators of the Great Recession should pay less than their fair share of taxes because they've done such a great job.

While the system appears to be recovering, the impact of the recession on state tax collections continues. And so arises the reasonable — and constitutionally required — call to eliminate the state deficit. There are two ways to do so. One is to reduce spending. The other, not so much mentioned, is to increase revenues.

It's not surprising that the popular option to cure the deficit is to avoid increasing taxes by reducing spending. But this option is also a tax. It taxes the poor by asking them to pay more for the services they receive, or to forego necessities such as food and legal and medical services they can't afford.

It is now proposed that people receiving Medicaid must make a \$3 co-pay for certain medical services they receive, up to a limit of 5 percent of family income. But for a family with two breadwinners making Connecticut's minimum wage, that still means a potential, if unlikely, increase in cost of about \$1,700 per year — more than this year's increase in income tax for a family earning \$1.1 million annually.

Similarly, some providers are saying that the state is threatening to mandate that seniors receiving care under the Home Care Program for Elders pay 15 percent of the monthly cost, or an average of \$152 per month, or \$1,824 per year — a new tax that is more than the income tax increase for a family earning \$1.12 million.

Another form of tax for the poor is to reduce funding for legal assistance in civil cases, curtailing access to courts for those who cannot afford to pay an attorney. As Ross Garber and Peter Kelly observed in *The Hartford Courant*, "when there are not enough legal aid lawyers, justice is not only denied to the poor, but impaired for everyone because courtrooms are flooded with unrepresented people."

So why is it OK to add what amounts to increased taxes for the poor and vulnerable, but not OK to ask the top 1 percent, or the top 4 percent, of taxpayers to pay at least as much in state and local taxes, in terms of a percentage of their income, as the least wealthy 95 percent of families pay?

How can we expect to have a competitive economy and a high quality of life in the future, if we don't ask all of our families to provide their fair share today for those investments — in public safety and security and access to justice, in education and human capital, in housing and transportation and other infrastructure, and in innovation— that make the future possible?

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