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State Taxes A Good Deal For Residents

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Income tax filing day has just passed, which generates the usual talk about how much we pay. We can expect tea party followers to hold rallies that focus on what they pay and how much they dislike paying it, instead of all the good things they get in return. We will also hear about "Tax Freedom Day," arrived at by an anti-tax group called the Tax Foundation that attempts to calculate how many days we work to earn enough money to pay our taxes.

Well, not to rain on anyone's parade or protest, but whatever number of days someone tells us we're "working for the government," it's actually quite a good deal.

On the whole, we Nutmeggers pay 13.9 percent of our total state income to fund state and local government (the national average is 16.7 percent). If you buy the Tax Freedom Day concept, that could be thought of as committing 36 days out of each year's 260 workdays to fund necessities such as public schools and universities, public health and hospitals, roads and bridges, police and fire, courts, parks, prisons, a cleaner environment, economic development and more.

Put another way, in an eight-hour workday, on average we devote slightly more than an hour to invest in a just, stable and civil society.

Interestingly, the people who bring us Tax Freedom Day don't bother to calculate how many days the average American works to pay rent, mortgage interest, utilities bills, car payments — or anything else. The implication seems to be that we shouldn't resent paying for all those other things because we're getting something in return. But that's also the case with taxes.

Another problem with Tax Freedom Day is that, at the state level, it disregards some serious discrepancies in the tax obligations one person pays compared to another. While we all benefit from the public goods delivered by state and local governments, some of us work far less than others to maintain them.

That's because state and local taxes account for a much larger percentage of some people's income than others. And, though it might seem surprising, it is the lowest-income people for whom taxes cost more. If you make \$121,000 a year or less — about 80 percent of us — on average 9.6 percent or more of that goes to taxes. But if you make more than \$1.4 million a year, state and local taxes in Connecticut come to 4.9 percent of your yearly income, according to an analysis by the Washington-based Institute on Taxation and Economic Policy.

So while Connecticut as a whole gets public services that we all need, there are steps we need to take to make sure that — although the desire to pay might never be for some what it is for others — the ability to pay is better reflected in our tax system than it is today.

Fortunately, we already know very well what one of those steps should be. The progressive income tax, one of the few taxes that can add balance to our tax code, can help close our budget deficit while minimizing damage to our state economy. The governor's proposed income tax changes are a good start and recent changes make it even better, but the wealthiest among us can afford more, and research and experience tell us they will not leave if upper tax brackets are modestly raised.

So to take the sting out of this year's tax day, let's try to think about the things taxes get us in return. But let's also do something else: Ask for a tax system that at the very least requires the most well-off to make the same commitments as the rest of us.

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