

Pa.: Among the Terrible 10 of regressive taxation

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Pennsylvania, like most states, faces huge deficits due to the economic meltdown. Our new governor has promised to balance the state budget without adding or increasing taxes or fees, by cutting business taxes and by making deep cuts in programs.

But do we know enough about our current system of taxation for state and local governments in Pennsylvania? Who pays and how much? A study by the Institute on Taxation and Economic Policy (November 2009) paints a disturbing picture.

If your total family income is under \$19,000 you pay 11.3 percent of earnings or \$2,147 on \$19,000.

If you make more than \$428,000 a year, you're one of the wealthiest 1 percent of families in the state. You pay 3.9 percent of your income for state and local taxes, including 0.4 percent in corporate taxes. The average income for that richest 1 percent is \$1,369,600.

Middle-income families are taxed at more than twice that rate. The middle 20 percent with earnings of \$35,000 to \$56,000 pay 9.1 percent. As you go up the income ladder, your tax rate goes down.

This is "the rich get richer, the poor get poorer" with a vengeance. Why should the poorest 20 percent pay 5.8 percent of income for sales and excise taxes while the very rich pay 0.6 percent? Or 3.8 percent in property taxes versus 1.4 percent?

That's why the institute cited Pennsylvania as one of the Terrible 10 states with the most regressive taxation.

Not only do our very poorest residents pay the highest rate of taxes. They will feel the brunt of the pain from proposed budget cuts.

Shortsighted proposals to slash funds for education, public transit, public health and safety, environmental protection and needed investments in our decaying infrastructure and our system of higher education will devastate our communities. Cutting jobs means even lower tax revenues, putting us in a further downward spiral.

A necessary step toward addressing our serious budget shortfall is to restructure our unjust tax system, beginning with action to enact a graduated income tax.

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