



CASCADE POLICY INSTITUTE

CASCADE COMMENTARY

April 2002

No. 2002-11

Summary

Tax Freedom Day marks the day when Americans have earned enough money to pay for their share of the total tax burden. This year national Tax Freedom Day is April 27; Oregon's Tax Freedom Day is April 21.

Word count: 656

“At the turn of the century taxes at all levels of government accounted for just 5.7 percent of income compared to 32.1 percent today.”

Tax Freedom Day

By Angela Eckhardt

Your taxes are done. The check is in the mail. But wait—it isn't over on the 15th. In fact, you're on the government clock from January 1st through much of April. Americans won't celebrate Tax Freedom Day until April 27th, 117 days into the year.

Tax Freedom Day marks the day when Americans will have finally earned enough money to pay off their total tax bill for the year. It is calculated each year by the Tax Foundation, a nonpartisan, nonprofit research organization based in Washington, D.C. The calculation includes everything that is officially considered income by the IRS and taxes at all levels of government.

This year's Tax Freedom Day arrives two days earlier than last year, and four days earlier than the all time high of May 1st in 2000. The early arrival was due in part to the reduced federal tax burden and in part to the recession.

The Tax Foundation also calculates a Tax Freedom Day for each state. For Oregon that day falls on April 21st, or 111 days into the year. But don't break out the champagne just yet because the devil is in the details. Oregon's sluggish economy is partly to blame for the early tax relief. Oregon Tax Research executive director Matt Evans warns, "Oregon ranks sixth in the nation in reliance on non-tax revenue sources, which are more hidden from view."

Thus, the unfortunate lesson of Tax Freedom Day is that it isn't over on Tax Freedom Day. The government has ways to get your money that you don't even know about—and ways to make you spend money you don't even want to spend. The Tax Foundation estimates that Americans will spend \$194 billion this year just to comply with the federal tax code. That amounts to six additional days worked for no good reason.

Unhappy details aside, Oregon's relatively early Tax Freedom Day still represents a sizeable tax burden: an \$8,984 per capita tax on Oregonians' \$29,443 per capita income, or 30.5 percent of Oregonians' income directly seized by government. For many individuals, government's take is much higher.

It wasn't always like this. "The United States has traditionally been a low-tax country," notes the Tax Foundation. "From the founding of the republic in 1776

until the early part of this century, total government spending at the federal, state, and local levels rarely exceeded 10 percent of national income, except during wartime.” According to the Foundation, at the turn of the century taxes at all levels of government accounted for just 5.7 percent of income compared to 32.1 percent today. In 1900, Tax Freedom Day was January 20.

Much has changed since 1900, so the Tax Foundation also examines how government stacks up against other major categories of modern consumer spending. “Americans will work longer to pay for government (117 days) than they will for food, clothing and shelter combined (106 days) . . . In fact, Americans will work longer to afford federal taxes alone (80 days) than on any other major budget item.” Perhaps that’s why the number of workdays that Americans put toward savings is so very small: only 5.

Nonetheless, the drive to raise taxes appears endless, which should prompt an important question: what is a reasonable percentage? Ten percent is enough for God, maybe 15 percent should suffice for government. Today’s top earners pay 38.9 percent on federal taxes alone. Where is the line that separates a free society from a nation of tax slaves? Will we know when we’ve crossed it?

Enough. It’s time to celebrate Tax Freedom Day. After all, Americans won’t have another holiday like this to celebrate until Independence Day—unless Cost of Government Day comes first. That’s when the Americans for Tax Reform figure we’ve paid off all our taxes *plus* our share of federal, state and local government spending *plus* the cost of regulation. In 2001, the magic day was July 6.

I told you it wasn’t over.

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