

Texas's High Taxes on the Poor Belie Rick Perry's Statements that They Need to Pay More

On August 13, Texas Governor and presidential candidate Rick Perry said that he is “dismayed at the injustice that nearly half of all Americans don’t even pay any income tax.”

Governor Perry should know that Americans pay other types of federal taxes besides just federal income taxes, and that they also pay state and local taxes. This is particularly true in Texas, which, despite its reputation, is actually a high-tax state for the poor.

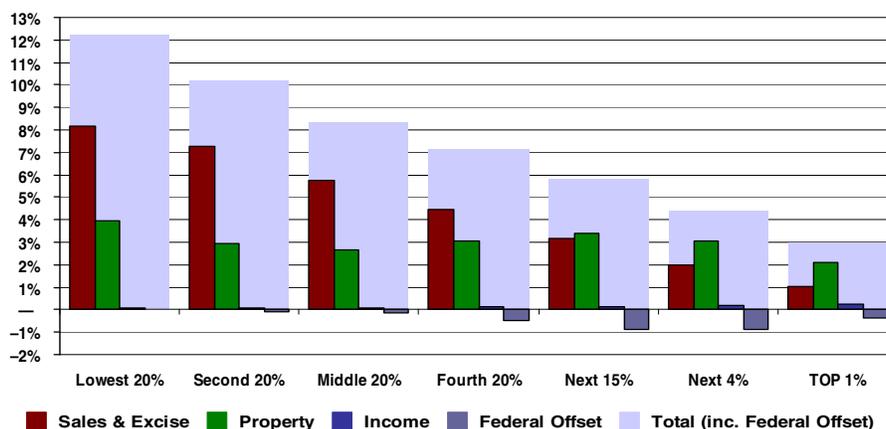
The Institute on Taxation and Economic Policy (ITEP) recently estimated that Texas imposes higher taxes on its poorest 20 percent of non-elderly residents than 45 other states. In other words, Texas has the fifth highest taxes for low-income families.¹ Texas also has the 17th highest taxes on the next 20 percent of non-elderly residents. These are the same families that Governor Perry believes should contribute more in taxes.

Like most states, Texas has a regressive tax system, meaning taxes take a larger share of income from a poor family than they take from a rich family. Texas’s system is even more unfair to the poor than other states because it relies on the

Texas

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



¹ Institute on Taxation and Economic Policy, “Census Data Reveal Fundamental Tax Mismatch in Texas: Texas is a Low Tax State, But Not for Families Living in Poverty,” September 2010.

http://www.itepnet.org/pdf/tx_povertyday_0910.pdf

most regressive types of taxes to generate revenue. It does not have a personal income tax but does impose property taxes and sales taxes.

The graph on the previous page shows that the poorest fifth of taxpayers in Texas pay 12.2 percent of their income in state taxes, while the richest one percent pay just a fourth of that, 3 percent of their income, in state taxes.²

It's true that many Americans don't have enough income to owe any federal income taxes, and the number of such Americans is especially high now because of the recession. But virtually all Americans pay some sort of taxes. Everyone who works pays federal payroll taxes. Everyone who drives pays federal gas taxes. State and local sales taxes affect everyone who shops, and local property taxes affect anyone who owns or rents a home. (The tax is passed on to renters in the form of higher rents.)

Writing for the Washington Post, Ruth Marcus responded to Rick Perry's comments by citing estimates from Citizens for Tax Justice showing that the nation's overall tax system is not particularly progressive once you include all of the types of taxes that people pay.³

For example, CTJ estimated that the richest one percent of Americans paid 21.5 percent of total taxes in 2010 and also received 20.3 percent of the total income that year that year. The poorest fifth of Americans paid just 2.0 percent of total taxes, but they only received 3.5 percent of total income.⁴ In other words, the tax system as a whole is just barely progressive.

² Institute on Taxation and Economic Policy, "Who Pays?: A Distributional Analysis of the Tax Systems in All 50 States," November 2009. <http://www.itepnet.org/whopays.htm>

³ Ruth Marcus, "Rick Perry's Warped Tax 'Injustice,'" *Washington Post*, August 15, 2011. http://www.washingtonpost.com/opinions/rick-perrys-warped-tax-injustice/2011/08/15/gIQAvzwPHJ_story.html

⁴ Citizens for Tax Justice, "America's Tax System Is Not as Progressive as You Think," April 15, 2011. <http://www.ctj.org/pdf/taxday2011.pdf>