

To the Editor March 2, 2020

Fix the Tax System

*“The Congress shall have power to lay and collect taxes on **incomes**, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.”* The 16th Amendment to the US Constitution

While the majority of Americans live paycheck-to-paycheck and one emergency away from financial peril. The vast majority of Americans have under \$1,000 saved and half of all Americans have nothing at all put away for retirement. According to a 2016 GOBankingRates survey, 35 percent of all adults in the U.S. have only several hundred dollars in their savings accounts and 34 percent have zero savings.

The median savings for families whose wage earners are between 50 and 55 years old is only \$8,000. For those who are between 56 and 61, it's \$17,000, reports the Economic Policy Inst.

At the same time, a new study shows that the 500 richest people in the world gained a combined \$1.2 trillion in wealth in 2019, surging 25%. In the U.S., the richest 0.1% now control a bigger share of the economic pie than at any time since the beginning of the Great Depression.

By way of contrast, a new study also revealed how 91 of the Fortune 500 companies effectively paid no federal taxes in 2018. This study by the Institute on Taxation and Economic Policy shows how Amazon, Starbucks, Chevron, Duke Energy, Halliburton and others paid an effective federal tax rate of zero percent or less. Sometimes less because of tax rebates, i.e. *Corporate Welfare*.

60 of America's biggest companies paid no federal income tax in 2018

A new analysis finding that 60 profitable Fortune 500 companies paid no taxes on a total of \$79 billion of profits earned in 2018. The companies, which include tech giants such as Amazon and Netflix, should have paid a collective \$16.4 billion in federal income taxes. Instead, these corporations received a **net tax rebate of \$4.3 billion**. <https://www.cbsnews.com/news/2018-taxes-some-of-americas-biggest-companies-paid-little-to-no-federal-income-tax-last-year/>

Corporate welfare?

Here is a stark number for understanding how low-wage employers in this country are relying on the kindness of taxpayers: The number is \$153 billion dollars.

That's the annual bill that state and federal governments are footing for working families making poverty-level wages at big corporations such as Walmart and McDonald's, according to a new study from the University of California Berkeley Labor Center. Because these workers are paid so little, they are increasingly turning to government aid programs such as food stamps to keep them from dire poverty, the study found.

Real hourly wages of the median American worker were only 5 percent higher in 2013 than in 1975, the report found. For the lowest paid workers, those in the bottom decile of earners, their wages were actually 5 percent lower than in 1975. Altogether, many middle- and low-wage American workers are suffering from stagnating or falling income.

The trend toward employer cuts in benefits is adding to the crisis, the report found. The share of non-elderly Americans receiving insurance from an employer has declined to 58.4 percent in 2013, down from 67 percent a decade ago.

Low-wage workers even include highly educated Americans, such as adjunct professors who typically earn between \$20,000 to \$25,000 per year and don't receive benefits or job security, despite holding advanced degrees.

<https://www.cbsnews.com/news/how-low-wage-employers-cost-taxpayers-153-billion-a-year/>

Billionaires Don't Pay Taxes: Here's Why

For the first time in history, U.S. billionaires paid a lower tax rate than the working class last year. For the most part, billionaires don't pay taxes.

- Tax Avoidance

In the United States there are over 5,800 pages of tax law. About 30 pages are devoted to raising taxes. The remaining 5,770 pages are devoted entirely to reducing your taxes. So, if 99.5 percent of the tax law is written to reduce your taxes, then the government must really want you to do that. If it weren't true, then why would such legislation exist?

- Capital Gains

Warren Buffett pays a lower tax rate than his secretary. His entire income is essentially derived from qualified dividends and capital gains. Under the current US tax system, he will never pay more than a 20% tax rate on his income.

- Real Estate

There are more billionaires in the real estate industry than any other industry in the world. This is due the following factors: Income, Depreciation, Equity, Appreciation and Leverage.

- 1031 Exchange

Named after its section of the tax code, this type of property exchange allows you to defer all federal income taxes due at the time of the sale. You basically sell one property and move your equity to a new property without touching the funds yourself.

<https://wealthydiligence.com/billionaires-dont-pay-taxes/>

Did you know that income taxes fund our schools, libraries and among other things, transit infrastructure in this country?

Why is our once world renowned school, airport, rail, bridge, and highway infrastructure falling apart from neglect?

It seems to correlate directly with people and corporations deciding to no longer pay taxes.

Our country worked well when everyone paid their fair share of taxes. Under the well-known Communist Republican President Eisenhower, the wealthy paid taxes at a rate of up to 90%.

Now? Not so much. For the future of our country and our own sakes, we need to fix this, right now.