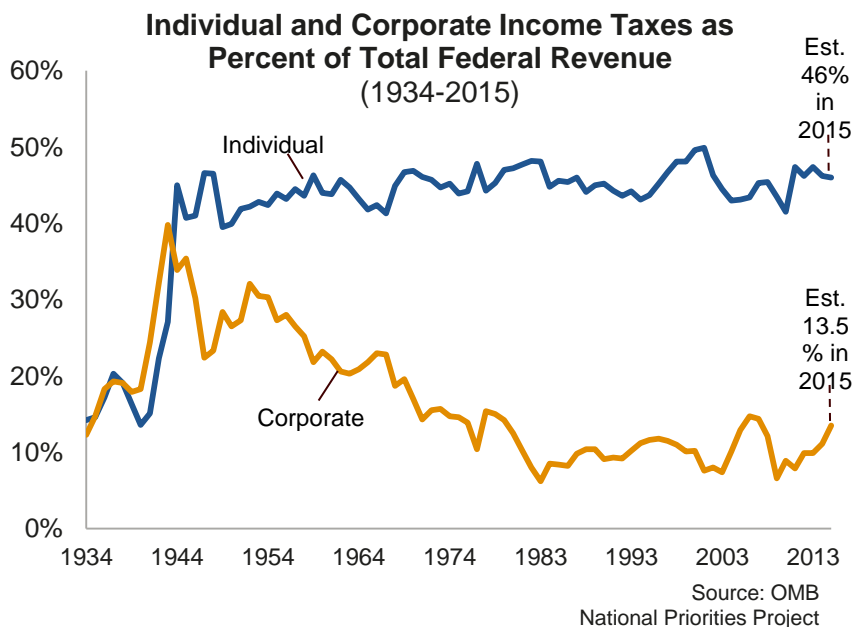


Voter Guide 2014: Taxes and Revenue

National Priorities Project examines issues related to the federal budget in time for the 2014 election.

Corporate Vs. Individual Income Taxes

Corporate income taxes are projected to account for less than 14 percent of all federal tax revenue in fiscal year 2015. Meanwhile, income taxes paid by regular Americans account for 46 percent of all federal revenue. The remainder of revenue comes from payroll taxes paid by employers and employees (32 percent), and a variety of fees and other taxes (9 percent). These tax dollars fund critical federal programs and investment in public amenities such as education, clean drinking water, and public transportation.¹



Tax Breaks for Corporations and the Wealthy

- Loopholes, credits, and deductions in the tax code together totaled \$1.18 trillion in lost revenue in 2013, equal to the entire U.S. discretionary budget that year.²
- While the discretionary budget is subject to the annual appropriations process and debated by Congress, tax breaks remain on the books until lawmakers modify them. That means there is no regular review of tax laws that forfeit more than \$1 trillion in potential tax revenue every year – more than 1.6 times the 2013 budget deficit.
- Ten of the largest tax breaks – that together totaled more than \$770 billion in 2013 – disproportionately benefited the top one percent of households who earn \$462,500 or more. For example, the special rate on capital gains and dividends (which means money earned from selling stocks and other assets is taxed at a lower rate than other income, like wages) cost the U.S. Treasury \$97 billion in 2013, with 68 percent of the tax savings going to the top one percent.³

Few Tax Breaks Benefit Working Families

The Earned Income Tax Credit (EITC) and the Child Tax Credit are effective anti-poverty measures, lifting 10.1 million Americans above what's known as the Supplementary Poverty Measure in 2012.⁴ These credits reduce the amount of tax that families pay and help low income families because even families that owed no income tax can get a refund. The EITC cost the federal government \$63 billion in 2012, providing an average credit of \$2,335 per household.⁵ The EITC has support from both conservatives and liberals, because it helps low-income families and rewards work.

Public Opinion

Polling shows that 61 percent of Americans say that upper-income earners don't pay enough in taxes and 66 percent think corporations don't pay enough.⁶ Moreover, two-thirds of American voters support closing corporate loopholes and limiting tax breaks for the wealthy.⁷

What Americans Say

"Why should somebody who makes millions pay [proportionately] less taxes than myself who makes \$17,000 a year?"

-Sandy (Salt Lake City, UT)

What to Ask Your Congressional Candidate

Do you support changes to the tax code to either raise additional tax revenue or cut taxes, and if so, what changes do you support?

Personalized Tax Receipt

Do you want a personalized tax receipt for the total amount of federal income taxes you paid? Go to bit.ly/TaxReceipt – where you can also see the average tax receipt in your state.

More About Taxes and Revenue: bit.ly/NPPrevenue

¹ Office of Management and Budget, Analytical Perspectives, Chapter 14: Tax Expenditures, Fiscal Year 2015.

² Office of Management and Budget, Analytical Perspectives, Chapter 14: Tax Expenditures, Fiscal Year 2015.

³ National Priorities Project, [The Big Money in Tax Breaks Continues](#).

⁴ Center on Budget and Policy Priorities, [Policy Basics: The Earned Income Tax Credit](#).

⁵ Internal Revenue Service, [Statistics for Tax Returns with EITC](#).

⁶ Gallup [poll](#), conducted April 3-6, 2014.

⁷ Americans for Tax Fairness/Hart Research Associates [poll](#), conducted Oct. 25-30, 2013.