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BACKGROUNDER

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It Is Arithmetically Impossible to Fund the Progressive Agenda by Taxing the Rich

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KEY TAKEAWAYS

Confiscating *every dollar* earned by taxpayers with incomes over $200,000 would not come close to paying for the left's agenda.

Progressive policies would require either increasing middle-class taxes to three to 10 times existing levels or radically higher, unsustainable federal borrowing.

Progressive promises would increase federal taxes and spending to levels higher than other advanced countries and have a dramatic adverse impact on the economy.

Introduction

We often hear that progressive promises will be paid for by "taxing the rich." This is arithmetically impossible. Progressive promises are too expensive—and the amount of income earned by the rich is too small. Even using lower cost estimates, confiscating every dollar earned by every taxpayer with incomes of $200,000 or more (a very expansive definition of "the rich") would only pay for about half of the progressive agenda. The reality is that progressive promises can only be funded by radical tax increases on the middle class, a dramatic increase in annual federal deficits and the national debt, or a combination of the two.

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TABLE 1

Progressive Promises Would Require Huge Increases in Federal Spending

FIGURES ARE FOR 2020–2029	Federal Spending in Trillions	Federal Spending as % GDP	Combined Government Spending as % GDP
Current Law	$57	22.5%	36.2%
Progressive Promises—Lower Estimates	$105	41.5%	55.2%
Progressive Promises—Higher Estimates	$149	58.9%	72.6%

NOTE: The state and local government expenditures portion of the combined government spending column is based on third quarter 2018 data and held constant at 13.7 percent of GDP.
SOURCES: Congressional Budget Office, "The Budget and Economic Outlook: 2018 to 2028," Table 2 https://www.cbo.gov/system/files/2019-04/53651-outlook-2.pdf (accessed August 5, 2019), and Federal Reserve Bank of St. Louis, "State and Local Government Current Expenditures," https://fred.stlouisfed.org/series/SLEXPND (accessed August 5, 2019). For more information, see Chart 1.

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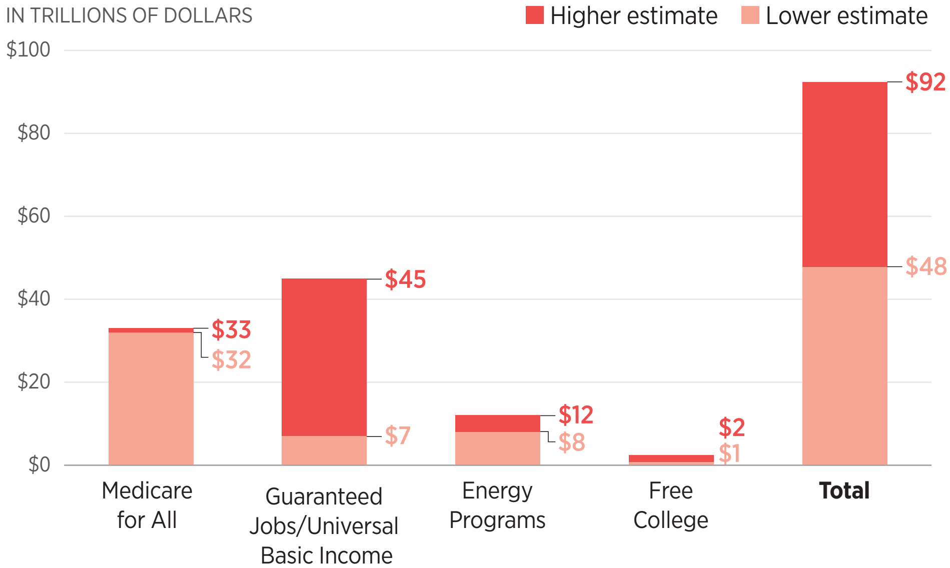
The Cost of Progressive Promises

The new American progressive or socialist agenda would require nearly doubling federal expenditures. More expansive proposals could increase federal spending by 161 percent. The Congressional Budget Office (CBO) 10-year federal spending baseline projection is $57 trillion (approximately $12.4 trillion, or 22 percent of which will be debt-financed).[1] Progressive proposals for single-payer health insurance would increase federal spending by $32 trillion to $33 trillion over 10 years,[2] a 58 percent increase in federal spending.[3] The "Green New Deal,"[4] jobs guarantees[5] or a universal basic income,[6] free college education,[7] and other proposed programs would cost many trillions more. In the aggregate, to implement the programs that progressives or socialists have promised would cost approximately $48 trillion to $92 trillion. This would amount to an increase in federal expenditures of between 84 percent and 161 percent.[8] The estimates vary in part because the nature, expansiveness, and expense of the programs vary by proposal and in part because different estimators employ different methodology.

CHART 1

Ten-Year Cost of Progressive Promises



NOTE: Figures have been rounded.

SOURCES:

Medicare for All:

- John Holahan et al., "The Sanders Single-Payer Health Care Plan: The Effect on National Health Expenditures and Federal and Private Spending," Urban Institute, May 9, 2016, Table 1, https://www.urban.org/sites/default/files/publication/80486/200785-The-Sanders-Single-Payer-Health-Care-Plan.pdf (accessed July 25, 2019).
- Charles Blahous, "The Costs of a National Single-Payer Healthcare System," Mercatus Center *Working Paper*, 2018, https://www.mercatus.org/system/files/blahous-costs-medicare-mercatus-working-paper-v1_1.pdf (accessed July 25, 2019).

Guaranteed Jobs/Universal Basic Income:

- Douglas Holtz-Eakin et al., "The Green New Deal: Scope, Scale, and Implications," American Action Forum, February 25, 2019, https://www.americanactionforum.org/research/the-green-new-deal-scope-scale-and-implications/ (accessed July 25, 2019).
- Author's calculations based on data from the U.S. Census Bureau.

Energy Programs:

- Douglas Holtz-Eakin et al.

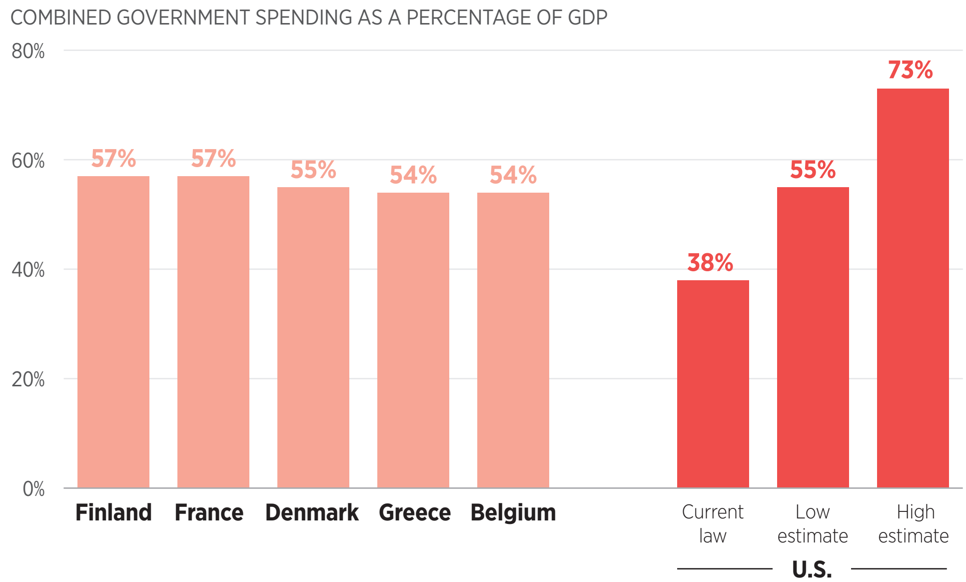
Free College:

- Author's calculations based on data from National Center for Education Statistics, Digest of Education Statistics.
- Sen. Bernie Sanders, "Summary of Senator Sanders' College for All Act," https://www.sanders.senate.gov/download/collegeforallsummary/ (accessed July 25, 2019).
- Anya Kamanetz, "Clinton's Free-Tuition Promise: What Would It Cost? How Would It Work?" National Public Radio, July 28, 2016, https://www.npr.org/sections/ed/2016/07/28/487794394/hillary-s-free-tuition-promise-what-would-it-cost-how-would-it-work (accessed July 25, 2019).

CHART 2

Progressive Programs Would Turn U.S. Into a Top Spender

Combined government spending in the U.S. is currently at 38 percent of GDP. However, if the massive programs promised by progressives were implemented, the U.S. would then be one of the highest spenders, if not the outright leader by a wide margin.



NOTE: Figures for the five European nations and U.S. current law are for 2015.
SOURCE: Organisation for Economic Co-operation and Development, "General Government Spending," https://data.oecd.org/gga/general-government-spending.htm (accessed July 9, 2019).

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10-Year Cost of Progressive Promises ($ trillions)

Over the 10-year period 2019–2028, the cumulative gross domestic product (GDP) is projected by the CBO to be $253 trillion.[9] The current CBO baseline federal expenditures are projected to be $57 trillion, or 22.5 percent of GDP.[10]

State and local governments currently spend 13.7 percent of GDP.[11] Assuming state and local government spending and GDP remain constant, then combined government spending would reach 55 percent to 73 percent of GDP if progressive programs are implemented. (See Table 1.)

As shown in Chart 2, if the progressive agenda were to be implemented, then using lower-bound estimates, government spending in the U.S. would be higher than all other industrialized countries except Finland and France.

TABLE 2

Adjusted Gross Income After Federal Income Taxes Paid

FIGURES ARE IN BILLIONS

Income Group Based on Adjusted Gross Income (AGI)	AGI Less Deficit	Total Federal Income Taxes Paid	AGI Less Total Federal Income Taxes Paid
$200,000 to under $500,000	$1,585.7	$308.2	$1,277.5
$500,000 to under $1 million	$598.9	$154.7	$444.2
$1 million to under $1.5 million	$232.4	$65.2	$167.2
$1,500,000 to under $2 million	$133.5	$38.6	$94.9
$2 million to under $5 million	$329.6	$96.0	$233.6
$5 million to under $10 million	$181.6	$52.0	$129.6
$10 million or more	$481.6	$121.4	$360.2
Total—$1 million or more	$1,358.6	$373.1	$985.5
Total—$500,000 or more	$1,957.5	$527.7	$1,429.8
Total—$200,000 or more	$3,543.3	$836.1	$2,707.3

NOTES: AGI less deficit is for taxable returns. For all tax returns, AGI less deficit is $10,225 billion, total federal income taxes paid is $1,446 billion and, therefore, AGI less total federal income taxes paid is $8,789 billion.
SOURCE: Internal Revenue Service, "Table 1.1. All Returns: Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income, Tax Year 2016 (Filing Year 2017)," https://www.irs.gov/pub/irs-soi/16in11si.xls (accessed August 5, 2019).

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If using the higher estimates based on more expansive programs and less conservative assumptions, then government expenditures in the U.S. would dwarf those in any other developed country.

Taxing the Rich

Data from the Internal Revenue Service Statistics of Income show that imposing a *100 percent* flat tax with no zero bracket amount on those with incomes of $1 million or more would increase federal revenues by about $986 billion annually.[12] Thus, a policy of confiscating all earnings of those with incomes over $1 million would not even eliminate the federal deficit, currently about $1.1 trillion annually[13]—let alone pay for utopian progressive causes. This figure reflects taxation of all income, including the first $1 million, at 100 percent and does not consider federal payroll taxes[14] or state and local income, property, and sales taxes (approximately $106 billion) already paid by this group.[15]

Confiscating all remaining after-tax income of those with incomes of $500,000 or more would increase federal revenues by about $1.4 trillion annually. This assumes confiscation of their first $500,000 in earnings as well. This is enough to eliminate the federal deficit but not a great deal more. If, however, the federal government were to confiscate all remaining after-tax incomes of those earning $200,000, that would increase federal revenues by $2.7 trillion annually. (See Table 2.)

One-Time Revenue Increase

In reality, this would be a one-time revenue increase. Once such confiscatory taxes were imposed, these taxpayers would elect not to work, otherwise earn income, or realize capital gains upon reaching the relevant thresholds because they would keep none of it. In fact, once state and local income and payroll taxes were taken into account, earning additional income would actually *cost* these taxpayers money since the effective tax rate on incomes over the threshold would exceed 100 percent.

But even making the entirely fanciful assumption that they would continue to earn income with federal income tax rates alone at 100 percent, confiscating all of this income would not begin to pay for the progressive agenda. Multiplying the annual amounts by 10 to achieve an imaginary 10-year revenue increase would result in the following figures:

Thus, confiscating all income of all taxpayers earning $200,000 or more would only fund somewhat over half of the progressive agenda using the lower cost estimates from Chart 1.[16] Using the higher cost estimates, a 100 percent federal tax on all taxpayers earning $200,000 or more would only fund 29 percent of the progressive agenda.[17]

Corporate Taxes

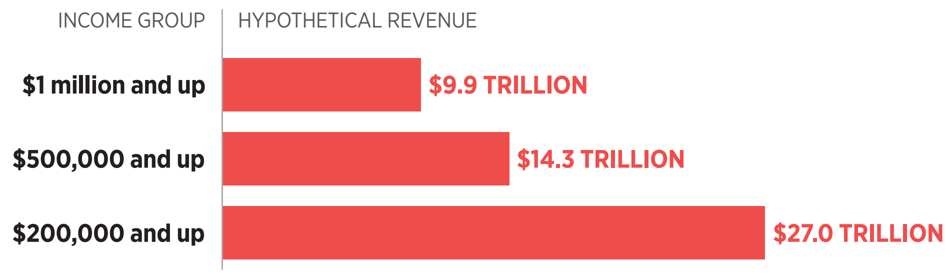
The income of pass-through entities such as partnerships, limited liability companies, and S-corporations is reported on individuals' Form 1040s and would therefore be included in the adjusted gross income figures above in Table 2. Similarly, dividends received from C-corporations or capital gains derived from the sale of C-corporation stock would be included on individual tax returns. C-corporation profits that are not paid as dividends would not be included in AGI.

Thirty-seven percent of corporate stock is owned by pension plans or other retirement accounts.[18] Twenty-six percent of corporate stock is owned by foreigners.[19] About 5 percent is owned by tax-exempt organizations.[20] About

CHART 3

Revenue with 100 Percent Tax Rates

Shown below are the hypothetical revenues that the U.S. would receive if they taxed different income groups at 100 percent of income over the next 10years.



SOURCE: Author's calculations based on Internal Revenue Service Statistics of Income.

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24 percent is owned by U.S. individuals in taxable accounts, and only some of these individuals are "rich."[21] Moreover, there is a growing literature that the U.S. corporate tax is disproportionately borne by U.S. workers since capital is mobile and labor is not.[22] So corporate tax increases would disproportionately hurt U.S. workers and pension plans. But let us assume, in the furtherance of paying for the progressive agenda, this is deemed an acceptable cost.

According to the Commerce Department's Bureau of Economic Analysis, corporate profits for the fourth quarter of 2018 were $2,311 billion (annual rate).[23] Taxes on corporate income were $235 billion.[24] Thus, after-tax profits were $2,076 billion. About 42 percent of these profits was earned by pass-through entities taxed by the individual income tax, including S-corporations and regulated investment companies such as mutual funds and real estate investment trusts. This income is taxed at the individual level. Fifty-eight percent ($1,208 billion) was earned by C-corporations.[25] This income is taxed at the corporate level. Of these profits, $745 billion were paid as dividends and therefore also taxed by the individual tax system.[26] Thus, $463 billion of after-tax retained earnings would be available for confiscation. Making the fanciful assumption that businesses and investors would continue their operations even with a 100 percent U.S. corporate tax rate, this implies a 10-year revenue increase of $4.6 trillion. This is enough to fund 10 percent of the progressive agenda using the lower estimates of its cost and about 5 percent of the higher estimates of cost.[27]

An alternative means of arriving at an estimate is to examine CBO "options to reduce the deficit" estimates. The CBO estimates that the 10-year revenue increase from a one percentage point corporate rate increase would be $96.3 billion.[28] Increasing the federal corporate tax rate by 79 percentage points to 100 percent would increase revenues by 79 times this amount ($7.6 trillion). This is enough to fund 16 percent of the progressive agenda using the lower estimates of its cost and about 8 percent of the higher estimates of cost. This method, however, implicitly assumes that corporate profits paid as dividends can be confiscated *twice*.

The Impact of the Progressive Agenda on the Middle Class

Thus, confiscating all income of all persons with incomes over $200,000 and confiscating the income of all corporations would raise—at most—$34.6 trillion, or between only 37 percent and 72 percent of the cost of the progressive agenda even in the fanciful world where people continue to work, save, and invest despite a 100 percent federal flat tax.

So how is the progressive agenda actually going to be paid for? The answer—the only arithmetically possible answer—is that *the progressive agenda must be paid for by radical increases in the tax burden borne by middle-income taxpayers or dramatic increases in federal borrowing*.

Federal borrowing, however, is already sufficiently high that the national debt is projected to grow relative to the size of the economy for the indefinite future.[29] This is unsustainable and cannot continue indefinitely. Progressive policies, if enacted and debt-funded, would dramatically accelerate the day of reckoning. When the inevitable debt crisis occurs, taxes on the middle class will have to be raised radically.

Middle- and lower-income taxpayers do not currently bear a high federal income tax burden. In 2015 (the most recent year for which "share" data is available), the top 10 percent of U.S. taxpayers paid 70.6 percent of income taxes.[30] The top quarter paid 86.6 percent of all income taxes.[31] Middle-income taxpayers *do* pay substantial federal payroll taxes, but these taxes fund Social Security and Medicare, both of which are highly progressive once the benefit structure is taken into account.[32] Moreover, Medicare taxes pay only about one-fifth of the cost of providing the program's benefits for an average worker and three-fifths of the cost for a high-income worker.[33]

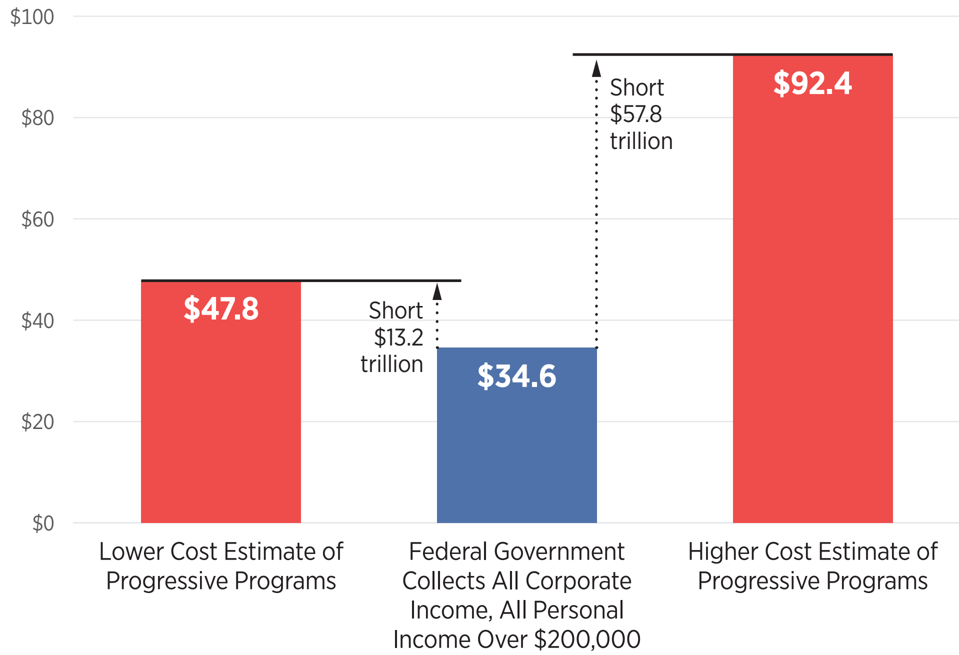
Thus, even in the fantasy world where all income of those earning $200,000 or more and all corporate profits were confiscated and yet those individuals and businesses continued to earn the same income, the progressive program still comes up $13.2 trillion to $57.8 trillion short. (See Chart 4.)

CHART 4

Progressive Promises Not Backed Up by Reality

If over the next 10 years the federal government confiscated all corporate income and all personal income over $200,000, it would still fall trillions of dollars short of the funds required to pay for the collection of massive progressive programs.

FIGURES OVER 10 YEARS, IN TRILLIONS OF DOLLARS



SOURCE: Author's calculations.

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Taxpayers with AGI of less than $200,000 annually paid $610 billion in income taxes in 2016.[34] Ten times this amount gives a 10-year figure of $6.1 trillion. To fund the lower cost-estimate shortfall, it would be necessary to increase middle-income taxes by $13.2 trillion to three times their current level (an increase of 216 percent).[35] To fund the higher cost-estimate shortfall, it would be necessary to increase middle-income taxes by $57.8 trillion to ten-and-one-half times their current level (an increase of 948 percent).[36] In the real world, the necessary middle-income tax increases would be radically more since the hypothetical $27 trillion from a 100 percent flat tax will never materialize. Only a small fraction of it can be raised from taxing high-income taxpayers.

TABLE 3

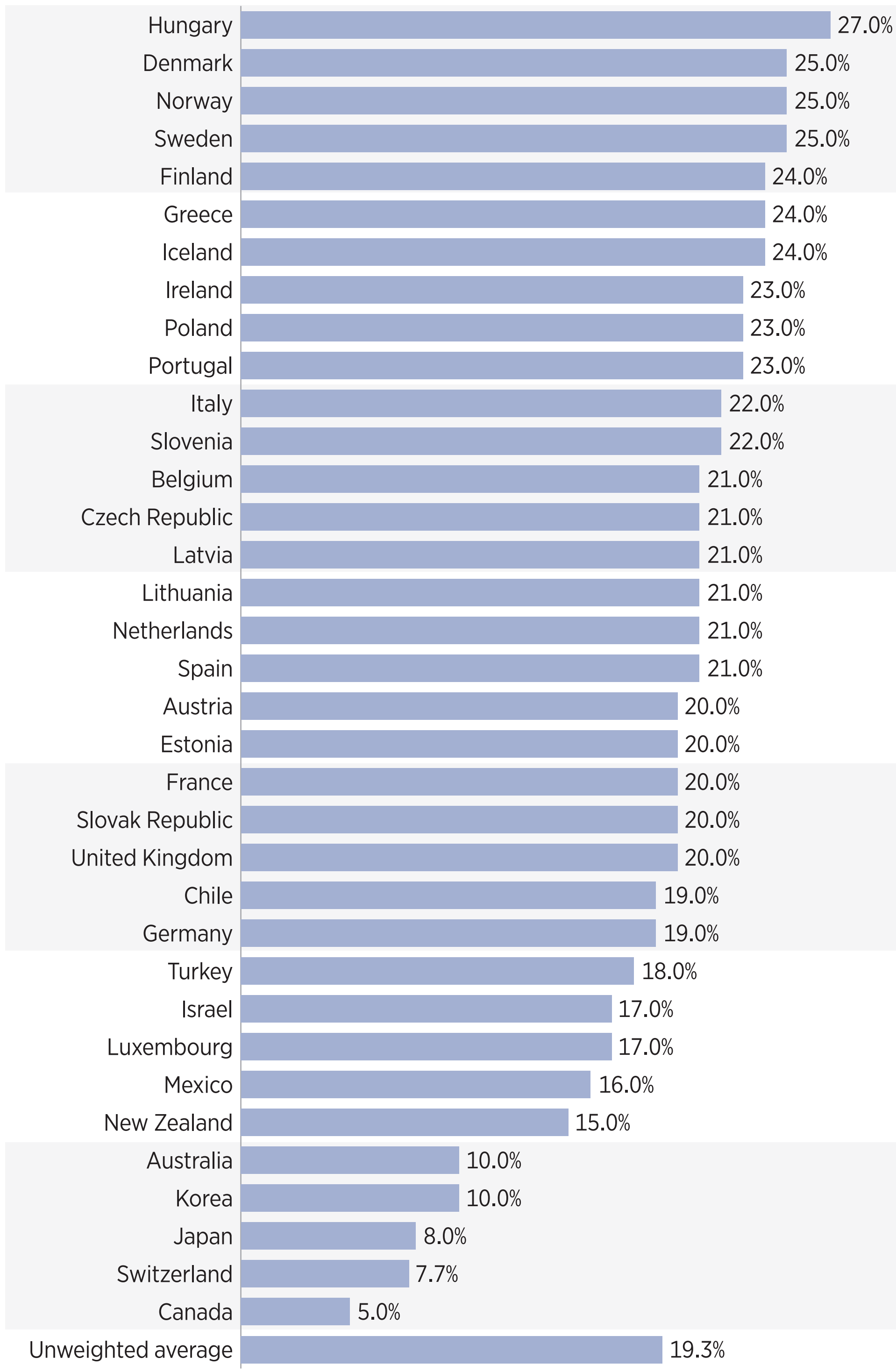
OECD Payroll Tax Rates, 2017

Country	Employer Payroll Tax Rate	Employee Payroll Tax Rate	Combined Payroll Tax Rate
France	41.6%	14.4%	56.0%
Belgium	32.2%	13.1%	45.3%
Italy	31.6%	9.5%	41.1%
Greece	25.1%	16.0%	41.1%
Czech Republic	34.0%	6.5%	40.5%
Hungary	22.0%	18.5%	40.5%
Germany	19.4%	20.5%	40.0%
Netherlands	11.8%	27.7%	39.5%
Sweden	31.4%	7.0%	38.4%
Slovenia	16.1%	22.1%	38.2%
Spain	29.9%	6.4%	36.3%
Portugal	23.8%	11.0%	34.8%
Latvia	23.6%	10.5%	34.1%
Turkey	17.5%	15.0%	32.5%
Finland	22.3%	9.3%	31.6%
Slovak Republic	20.2%	9.4%	29.6%
Japan	14.9%	14.4%	29.4%
United Kingdom	13.8%	12.0%	25.8%
Poland	16.4%	9.0%	25.4%
Luxembourg	14.1%	11.1%	25.2%
Austria	21.4%	0.0%	21.4%
Norway	13.0%	8.2%	21.2%
Korea	10.4%	8.4%	18.8%
United States	**8.3%**	**7.7%**	**15.9%**
Iceland	6.9%	8.0%	14.9%
Ireland	8.5%	4.0%	12.5%
Switzerland	6.2%	6.2%	12.5%
Mexico	6.5%	1.3%	7.8%
Israel	3.5%	3.5%	7.0%
Canada	2.3%	1.6%	3.9%
Estonia	0.8%	1.6%	2.4%

NOTE: Denmark is omitted from the table because its lump sum system is not easily convertible into rate equivalents.
SOURCES: OECD Tax Database, "Table III.1. Employee Social Security Contribution Rates," https://stats.oecd.org/Index.aspx?DataSetCode=TABLE_III1 (accessed August 5, 2019), and OECD Tax Database, "Table III.2. Employer Social Security Contribution Rates," https://stats.oecd.org/Index.aspx?DataSet-Code=TABLE_III2 (accessed August 5, 2019).

CHART 5

Consumption Tax Rates for OECD Countries, 2018



SOURCE: Organisation for Economic Co-operation and Development, "OECD Tax Database," http://www.oecd.org/tax/tax-policy/tax-database/ (accessed July 9, 2019).

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The European Experience

The European experience with large welfare states demonstrates that socialist or highly progressive policies must be funded by imposing very high consumption, payroll, and income taxes on the middle class. Notwithstanding the "tax the rich" rhetoric from progressive and socialist politicians, there simply is no alternative to dramatically raising middle-class taxes if the progressive agenda is to be implemented.

Table 3 illustrates that most European countries have payroll taxes that are two to three times as high as U.S. payroll taxes. Chart 5 illustrates that they also have high rate-consumption taxes called value-added taxes (VATs) or goods and services taxes (GSTs). In the European Union, VAT rates range from 17 percent to 27 percent. And, of course, they all have relatively high individual income taxes. Switzerland, which is not a member of the European Union, is the European exception. It has both relatively low rates of taxation and relatively low government expenditures.

In the United States, many states have sales taxes that are administratively simpler versions of VATs or GSTs. California has the highest state-level tax at 7.25 percent.[37]

The reason that European countries have high VATs and high payroll taxes is simple: Those governments face the same arithmetic reality as does the U.S. It is quite literally impossible to pay for progressive or socialist promises by taxing the rich. It will require genuinely massive increases in the taxation of the American middle class.

Conclusion

It is arithmetically impossible to pay for progressive promises by "taxing the rich." Progressive promises are too expensive, and the amount of income earned by the rich is too small. Even using lower cost estimates, confiscating every dollar earned by every taxpayer with incomes of $200,000 or more would only pay for about half of the progressive agenda. And that figure is based on the false assumption that people would continue to work, save, and invest when subject to a 100 percent flat tax. The reality is that progressive promises can only be funded by radical tax increases on the middle class or, for a limited time, dramatic increases in federal borrowing.

Even in the fantasy world where all income of those earning $200,000 or more and all corporate profits were confiscated and yet those individuals and businesses continued to earn the same income, the progressive program still comes up $13.2 trillion to $57.8 trillion short. To fund the lower cost-estimate shortfall, it would be necessary to increase middle-income taxes by $13.2 trillion to three times their current level (an increase of 216 percent). To fund the higher cost-estimate shortfall, it would be necessary to increase middle-income taxes by $57.8 trillion to 10.5 times their current level (an increase of 948 percent). In the real world, the necessary middle-income tax increases would be radically more since the hypothetical $27 trillion from a 100 percent flat tax will never materialize. Only a small fraction of it can be raised from taxing high-income taxpayers.

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Endnotes

1. Congressional Budget Office, *The Budget and Economic Outlook: 2018 to 2028*, April, 2018, Summary Table 2, https://www.cbo.gov/system/files/2019-04/53651-outlook-2.pdf (accessed July 3, 2019).
2. Charles Blahous, "The Costs of a National Single-Payer Healthcare System," Mercatus Center *Working Paper*, July 2018, https://www.mercatus.org/system/files/blahous-costs-medicare-mercatus-working-paper-v1_1.pdf (accessed July 1, 2019), and John Holahan et al., "The Sanders Single-Payer Health Care Plan: The Effect on National Health Expenditures and Federal and Private Spending," Urban Institute *Research Report*, May 9, 2016, Table 1, https://www.urban.org/sites/default/files/publication/80486/200785-The-Sanders-Single-Payer-Health-Care-Plan.pdf (accessed July 1, 2019).
3. (57+33)/57 = 1.58.
4. "Recognizing the Duty of the Federal Government to Create a Green New Deal," H. Res. 109, 116th Congress, 1st Sess., https://www.congress.gov/116/bills/hres109/BILLS-116hres109ih.pdf (accessed July 1, 2019). H. Res. 109 has 90 cosponsors. See also Nicolas D. Loris, "The Green New Deal: A Raw Deal for American Taxpayers, Energy Consumers, and the Economy," Heritage Foundation *Backgrounder* No. 3386, February 5, 2019, https://www.heritage.org/sites/default/files/2019-02/BG3386.pdf; Douglas Holtz-Eakin et al., "The Green New Deal: Scope, Scale, and Implications," American Action Forum, February 25, 2019, https://www.americanactionforum.org/print/?url=https://www.americanactionforum.org/research/the-green-new-deal-scope-scale-and-implications/ (accessed July 1, 2019) (estimating the costs of the non–health care parts of the Green New Deal to be between $17 trillion and $58 trillion over 10 years); David Roberts, "The Green New Deal, Explained," Vox, January 7, 2019, https://www.vox.com/energy-and-environment/2018/12/21/18144138/green-new-deal-alexandria-ocasio-cortez (accessed July 1, 2019); Philip Rossetti, "What It Costs to Go 100 Percent Renewable," American Action Forum, January 25, 2019, https://www.americanactionforum.org/research/what-it-costs-go-100-percent-renewable/ (accessed July 1, 2019); Mark P. Mills, "The New Energy Economy: An Exercise in Magical Thinking," March 2019, https://media4.manhattan-institute.org/sites/default/files/R-0319-MM.pdf (accessed July 1, 2019); and Benjamin Zycher, "The Green New Deal: Economics and Policy Analytics," American Enterprise Institute, March 2019, http://www.aei.org/wp-content/uploads/2019/03/Green-New-Deal.draft_.pdf (accessed July 1, 2019).
5. Mark Paul, William Darity Jr., and Darrick Hamilton, "The Federal Job Guarantee: A Policy to Achieve Permanent Full Employment," Center on Budget and Policy, March 9, 2018, Table 1, https://www.cbpp.org/sites/default/files/atoms/files/3-9-18fe.pdf (accessed July 1, 2019) ($543 billion per year), and L. Randall Wray et al., "Public Service Employment: A Path To Full Employment," Levy Economics Institute, April 2018, http://www.levyinstitute.org/pubs/rpr_4_18.pdf (accessed July 1, 2019) ($235 billion to $354 billion annually).
6. Andrew Yang, "What Is Universal Basic Income?" https://www.yang2020.com/what-is-ubi/ (accessed July 1, 2019), and Richard V. Reeves, "Time to Take Basic Income Seriously," Brookings Institution, February 23, 2016, https://www.brookings.edu/opinions/time-to-take-basic-income-seriously/ (accessed July 1, 2019).
7. Bernie Sanders, "Summary of Senator Sanders' College for All Act," https://www.sanders.senate.gov/download/collegeforallsummary/?inline=file (accessed July 1, 2019) ($47 billion per year), and Anya Kamanetz, "Clinton's Free-Tuition Promise: What Would It Cost? How Would It Work?" National Public Radio, July 28, 2016, https://www.npr.org/sections/ed/2016/07/28/487794394/hillary-s-free-tuition-promise-what-would-it-cost-how-would-it-work (accessed July 1, 2019) ($75 billion per year).
8. (57+48)/57 = 1.84 or 84 percent; (57+92)/57 = 2.61 or 161 percent.
9. Congressional Budget Office, *The Budget and Economic Outlook: 2018 to 2028*, Table 2-1.
10. Ibid.
11. Third quarter 2018 data. See "Gross Domestic Product," Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/GDP (accessed July 1, 2019), and Federal Reserve Bank of St. Louis, "State and Local Government Current Expenditures," https://fred.stlouisfed.org/series/SLEXPND (accessed July 1, 2019).
12. This figure is simply adjusted gross income less taxes paid for taxable year 2016. It means confiscating every dollar not currently taken by federal income taxes for those with an AGI of $1 million or more.
13. Fiscal year 2019 is estimated to be $1.1 trillion. White House, Office of Management and Budget, *A Budget for a Better America: President's Budget FY 2020: Historical Tables*, Table 1.1, https://www.whitehouse.gov/omb/historical-tables/ (accessed July 1, 2019).
14. This would include Social Security taxes paid on salaries, wages, and self-employment income up to the wage base, and Medicare taxes paid on all salaries, wages, and self-employment income.
15. Over 98 percent of returns in these income categories itemize. State and local tax deductions for 2016 for returns with AGI of $1 million or more were $105.9 billion. State and local tax deductions for 2016 for returns with AGI of $500,000 or more were $151.8 billion. Generally, this would not include sales taxes paid. See Internal Revenue Service, "Individual Income Tax Returns with Exemptions and Itemized Deductions, Table 2.1: Returns with Itemized Deductions; Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income, Tax Year 2016," https://www.irs.gov/pub/irs-soi/16in21id.xls (accessed July 1, 2019).
16. $27/$47.8 = 56.4 percent.
17. $27/$92.4 = 29.2 percent.

18. Steven M. Rosenthal and Lydia S. Austin, "The Dwindling Taxable Share of U.S. Corporate Stock," Tax Policy Center *Special Report,* May 16, 2016, pp. 923–934, https://www.taxpolicycenter.org/sites/default/files/publication/130781/2000790-the-dwindling-taxable-share-of-u.s.-corporate-stock.pdf (accessed July 1, 2019).
19. Ibid.
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