

## Tax policies fit Ohioans to a 'tea'

### Opinion

A Dayton Daily News Editorial

Independence Day arrives this year amid a welter of changes in national and state tax policy. Who gets taxed how much for what and for how long is in flux in Ohio and across the nation. A 1-cent increase in Ohio's sales tax, for example, kicked in this week. Some consumers raced against the clock, responding to automobile dealers' calls to get in under the wire and save a couple of hundred bucks.

This follows a spring in Washington devoted to significantly reordering federal tax burdens. Best known is President George W. Bush's \$350 billion tax cut — which many experts say is much larger when viewed without the legislative gimmicks used to whittle it down.

Other changes, though, are in the works.

Legislation is moving ahead to greatly expand "medical savings accounts." These are tax shelters designed to help Americans defray medical expenses not covered by insurance.

Ohio's sales tax increase was sold as a desperate measure needed to bridge a large budget deficit and maintain basic state services during a difficult economic time.

President Bush also says his big tax cut is the key to "jump-starting" a sluggish national economy. His health savings accounts are billed as a way to cut health-insurance costs.

No one can say with certainty, though, whether these changes will bring any broad, long-term benefits. What is clear, even now, is that there's important shifting in tax burdens away from higher income taxpayers and businesses to the middle class and future generations.

Analyses by think tanks such as the Center on Budget and Policy Priorities, the Institute on Taxation and Economic Policy and Policy Matters Ohio (all of whose work is available on the Internet) demonstrate the point.

In Ohio, for example, the sales tax increase lands much harder on middle-class families than the state's top earners when considered as a percent of income.

The top five percent of earners also benefit the most, by far, from the recent federal tax cut — not just in terms of dollar amount, but also as a percent of income. Expanded medical savings accounts, because of their very nature, will be used more by the affluent.

Federal tax reductions are being financed in the form of debt, and thus are being imposed on future generations. Wall Street and others project federal deficits of more than \$300 billion per year during the next decade.

Tax policy favoring the few over the many, of course, figures prominently in our national independence. Colonists groused and then launched boycotts because of the Stamp Act and the Townsend Acts, which imposed steep import duties. A political event that directly contributed to the final break — the Boston Tea Party — was the most colorful example of how colonists displayed their disgust with parliament and George III for imposing taxes for the benefit of special interests.

The tea tax wasn't just an effort to shift away from England the costs of colonial administration; it sought to bolster the corporate earnings of a struggling British East India Company.

Americans are a patient people with an independent spirit. They declared to the world a new political tradition that rejects public policy based on privilege — the 227th anniversary of which we heartily celebrate today.

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