



United for a Fair Economy is a national, independent, nonpartisan, nonprofit organization.

UFE raises awareness that concentrated wealth and power undermine the economy, corrupt democracy, deepen the racial divide, and tear communities apart. We support and help build social movements for greater equality.

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# Fair Economy Action Tool

## Evaluating Federal Candidates' Tax Proposals

Voters who want to evaluate what impact candidates' positions have on economic justice must consider tax policy. This is because fair tax policies can increase economic justice and unfair tax policies can exacerbate injustice. Some candidates, but not all, share the value of fairness. But often it's difficult to see through the rhetoric and evaluate a candidate's position, especially on a topic as complex and arcane as taxes.

Below are four aspects of fair tax policies that voters can consider when evaluating the tax proposals made by candidates for US Senate, US House of Representatives, or President. On the back page are questions you can ask candidates to help you determine how fair their proposals are.

1. The proposal increases the progressiveness of the tax system, meaning that the proposal decreases the taxes paid by low-income people and/or increases the taxes paid by high-income people. Examples of ways to accomplish this are:
  - Increasing the income tax rate on high-income people.
  - Preserving the estate tax on millionaires.
  - Taxing unearned income (e.g., capital gains, dividends) equal to or higher than earned income (wages).
  - Closing tax loopholes and other tax preferences that benefit high-income people and/or corporations (e.g., closing the private equity ("carried interest") loophole; raising the ceiling on the Social Security tax; lowering the ceiling on deductibility of home mortgage interest; eliminating the corporate tax exemption for business meals).
  - Providing targeted tax breaks to low-income people (e.g., increase the Earned Income Tax Credit).
2. The proposal raises enough funds to sustain a level of public services needed and demanded by the public (e.g., education, transportation, security).
3. The proposal works to ensure that economic opportunity is as widely distributed and equal as possible.

This can be promoted by extending asset-building tax policies to low- and middle-income people. Examples of assets are financial savings, home ownership, retirement funds, education (human capital), and business capital. So, for example, a fair tax policy might create a tax credit for college tuition for low- and middle-income people.
4. The proposal increases the tax system's accountability to taxpayers, meaning that tax laws are not hidden, but plain to see and be evaluated by the public. This can be accomplished by:
  - Requiring company-specific disclosure of corporate profits and federal corporate income tax.
  - Requiring disclosure of the beneficiaries of federal tax breaks.
  - Creating a mechanism (such as a legislative or executive branch committee) to regularly re-view and assess the effectiveness and efficiency of tax preferences (and earmarked funds) to see if they are achieving their intended effect at a reasonable cost.

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## Questions to ask candidates

Below are two sets of questions about fair tax policy that voters can ask candidates at public meetings, in writing, or in letters to the editor. The first set is neutral in tone; the second set incorporates a point of view into the question. When asking questions, it's best to quote a candidate's own words if possible.

1. Who benefits and who loses under your tax proposal?
  - Do low-income people's taxes go up or down?
  - Do middle-income people's taxes go up or down?
  - Do wealthy people's taxes go up or down?
  - If your proposal gives everybody a tax break, is the percent reduction for wealthy people more or less than that for low and middle income people?
  - Do corporate taxes go up or down?
2. Does your proposal create or eliminate special tax preferences? If it creates them, for whom? If it eliminates them, for whom?
3. Does your tax proposal increase the amount of funds available to sustain the public services needed & desired by the public (e.g., education, transportation, security)?
4. Does your tax proposal increase accountability to taxpayers?
  - Does it create accountability mechanisms for regularly reviewing and assessing special tax preferences?
  - Does it require disclosure of the beneficiaries of federal tax breaks?
  - Does it require company-specific disclosure of corporate profits and federal corporate income taxes paid?

You can find out in advance candidates' positions on federal taxes by looking on their website, searching news articles on the internet. If the candidate is an incumbent, information about their tax proposals and past votes can be found at:

- Citizens for Tax Justice, "A Congressional Tax Report Card," <http://www.ctj.org/pdf/report-card2006.pdf>
- Tax Policy Center, "2008 Presidential Candidates Tax Proposals," [http://www.taxpolicycenter.org/taxtopics/election\\_issues\\_matrix.cfm](http://www.taxpolicycenter.org/taxtopics/election_issues_matrix.cfm)

The following questions incorporate a point of view so that the audience learns from your questions, not just from the candidate's answer. The questions are aimed at candidates who propose to cut federal taxes for the wealthy or corporations. You can modify these questions if you know the candidate does *not* want to cut federal taxes for the wealthy.

1. Why does Candidate X support giving millionaires like Paris Hilton more tax breaks – such as ending the estate tax or cutting the capital gains tax – when our local school/other federal service is getting cut because there's not enough funding?
2. If Candidate X wants to cut or end [xyz] tax, which is paid by wealthy people, how does Candidate X propose to make up the lost revenue? Increase the national debt? Raise taxes on the middle class? Spending cuts? If spending cuts, what public services will Candidate X cut?
3. The disparity of wealth between the rich and everybody else is at its highest level since the Gilded Age a century ago. Won't reducing/ending a federal tax paid by wealthy people lead to even greater inequality of wealth and power?
4. With national polls showing strong public support for making sure that we put the real needs of working families ahead of tax breaks for the wealthy which simply make the rich richer, why does Candidate X want to reduce/end a federal tax paid by wealthy people?

*For more information, contact Lee Farris, Federal Tax Action Coordinator, 617-423-2148 x133*

Sources: United for a Fair Economy, [www.faireconomy.org](http://www.faireconomy.org); Institute on Taxation and Economic Policy, "Tax Principles: Building Blocks of a Sound Tax System," <http://www.itepnet.org/pb9princ.pdf>; National Conference of State Legislatures, "Principles of a High Quality State Revenue System," <http://www.ncsl.org/programs/>