

What Do Americans Think About Taxes?

By Karlyn Bowman

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Californians passed Proposition 13, capping personal property taxes in the state, 31 years ago. The modern tax revolt was born, and it reverberated throughout the United States. In a press conference in July 1978, President Jimmy Carter noted that its passage “sent a shock wave through the consciousness of every public servant.” When Ronald Reagan took office, 68 percent said their federal taxes were too high, one of the highest responses in the 60-year history of that Gallup question.¹ What are public views about taxes today and how have they changed since the tax quake three decades ago?

Today Americans seem relatively comfortable with, or perhaps resigned to, the level of federal income taxes they pay. They see their federal tax burden as high but fair. Americans aren’t very knowledgeable about progressivity, but they have consistent notions of the maximum amount people should pay in taxes. Trend questions provide little evidence that Americans are more concerned about inequality than they were in the late 1970s, although a few recent questions suggest that concern may be on the rise. At this early stage in his presidency, Americans, although deeply skeptical of politicians’ tax promises, have high hopes that President Obama will deliver a middle-income tax cut. The political coloration of the issue has changed also, and the antitax banner Republicans unfurled in the late 1970s and early 1980s is now tattered. Democrats have made gains on the tax

¹The complete wording and full responses for all of the survey questions cited in this document come from the American Enterprise Institute Public Opinion Study “Public Opinion on Taxes.” This study is updated regularly. It is available at <http://www.aei.org/publicopinion6>.

The Tax Foundation has prepared a special report that describes the results of their online survey.

issue as the Republican Party has become less popular. Finally, the political urgency of the tax issue has diminished.

What Do Americans Think About Their Taxes?

In thinking about tax attitudes, it is important to distinguish between what people say about the taxes they pay and their views about the taxes all Americans pay. In most years people say the federal income taxes they pay are too high. In the latest iteration of this question, in a poll taken in late March and early April 2008, 52 percent, down from 68 percent when Reagan took office, told Gallup interviewers their federal taxes were too high, 42 percent said they were about right, and 2 percent too low. On two occasions this decade, however, more people have told interviewers their federal taxes are about right than have believed they were too high. As shown in Figure 1, this is the only time this has occurred in the 60 years the question has been asked.

In another question from the 2008 Gallup Poll, 60 percent described the income tax they would be paying “this year” as fair. Gallup has asked this question yearly since 2001, and the response has held steady for the past several years. A CBS News question from 2007 that raised the issue of “fairness” found 55 percent responding that the amount they paid in federal income taxes was about right; 37 percent said they paid more than their fair share.

In Fox News/Opinion Dynamics questions from 2002 and 2005, around 7 in 10 said how their taxes were spent bothered them more than how much they paid. Around 10 percent said how much they paid bothered them more. In 2006 people told ABC News/*Washington Post* interviewers that 51 cents (the mean response) of every dollar the federal government collects in taxes is wasted.

Questions about the taxes “all Americans” pay reveal broader dissatisfaction, but it is hard to know precisely what those questions mean. Poll responses about people’s personal experiences are a more reliable barometer of tax impressions. Americans seem habituated to the federal income taxes they pay. They don’t want to see them rise.

How Much Progressivity Do Americans Support?

The issue of fairness is never far from the surface of our politics, and this is especially true in tax policy. In 1979 the Roper Organization asked about the fairness of the federal income tax system to “most people.” Three in 10 described the system as fair, and 64 percent unfair. Views about its fairness inched up unevenly, and by 1996, the last time the group publicly released results on this question, 43 percent described the system as fair.

A CBS News/*New York Times* question that personalizes the question found that 35 percent in 1978 believed the present federal income tax system was quite or reasonably fair to “people like yourself.” In October 2000, the last time that poll asked the question, 44 percent gave

that response. Between 2002 and 2007, in three questions, the Pew Research Center found a slight uptick, from 43 percent to 47 percent, in the proportion disagreeing with the statement “the tax system is unfair to people like me.”

A question asked by Gallup beginning in 1992 about the taxes different groups of people pay also shows cooling concern about the middle-income tax burden. In 1992, 57 percent said middle-income people paid too much. In 2008, 43 percent did. In 1992, 77 percent believed upper-income people paid too little. That proportion declined to 63 percent in 2008. In four questions asked since 2004, around 70 percent have said corporations pay too little. Fifty-seven percent in 1992 said lower-income people paid too much. In 2008 that was 51 percent (see Figure 2).

A Word About Polls On Taxes

Today, there are far more pollsters in the field than ever before. This should be good news for those interested in tracking public opinion on a subject such as taxes but it isn't necessarily. Many in the competitive polling field today partner with media organizations, and they tend to follow the media's ever-moving searchlight. Questions are asked sporadically when a topic is hot and then dropped soon afterward. Many valuable trends are updated occasionally, if at all. The major pollsters usually ask a few questions around tax time when the issue is personal and immediate, but those are often of the variety, “Would you rather have a root canal or a tax audit?” That question might be an interesting barometer of tax anger if it were asked regularly, but it isn't. Only a few polling organizations such as Gallup, the National Opinion Research Center, and the Pew Research Center remain committed to regular systematic inquiry on tax attitudes.

In the crowded survey environment, pollsters push the survey instrument far beyond where it can go, asking questions when opinion is mushy at best. Hypothetical questions and questions that ask Americans to predict the future are popular, but often meaningless. From the mid-1980s on, most polls showed strong support for personal retirement accounts in the abstract. But when President George W. Bush actually proposed the idea, people became more skeptical. Asking people what kind of tax system they want in the future poses the same problem.

The proliferation of polls has some positive effects for poll consumers. When many survey organizations are in the field using different question wordings, it is possible to see nuances in public thinking. More polls enable us to see continuity and contradiction in attitudes, two central properties of public opinion broadly defined. These powerful crosscurrents remind us that polls are useful to understand a complex public, but they are too crude to be used to make policy.

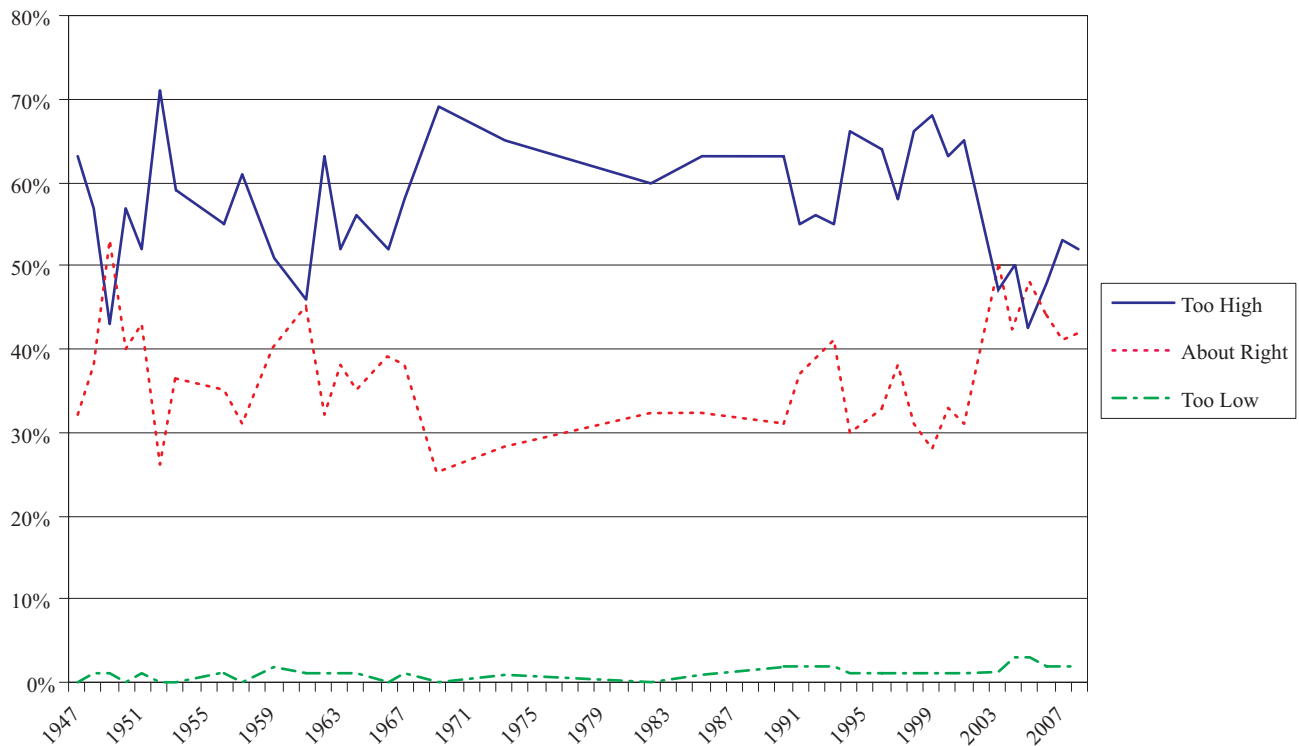
President Obama's budget has been described as the opening wedge in a long debate over the distribution of wealth, and indeed, its language makes clear his concerns. He argues that economic growth in the Bush era didn't help middle-income earners much, while it benefited upper-income people significantly, and that the tax system exacerbated the disparities. Most polls that ask a direct question show support for Obama's plan to increase taxes for individuals making \$200,000 or more a year and families who make \$250,000 or more a year, although it is not clear how strongly people feel about it. Princeton Survey Research Associates and *Newsweek* found that 49 percent favored allowing the tax cuts for Americans with annual incomes of \$250,000 to expire at the end of next year, but a substantial 42 percent were opposed. As a comparative measure of the intensity of concern, 73 percent in the poll favored removing troops from Iraq by the end of next year, while 20 percent were opposed. Concern about raising taxes during a recession could provide an explanation for the closeness of the results on taxes.

The National Opinion Research Center at the University of Chicago asks people about income differences and the government's proper role in addressing them. The question starts this way: “Some people think the government in Washington ought to reduce the income differences between the rich and the poor, perhaps by raising the taxes of wealthy families or by giving income assistance to the poor.” In 17 questions asked since 1978, roughly 3 in 10 have put themselves at points 1 and 2 on a 7-point scale, with point 1 indicating that government ought to reduce the income differences between the rich and the poor. Since 1978, around 2 in 10 placed themselves at the other end of the scales (points 6 and 7), where point 7 means that “government should not concern itself with reducing income differences.” Around 50 percent put themselves in the three middle categories.

In 1977, 77 percent told Harris they felt that the “rich get richer, and the poor get poorer.” That sentiment ticked up a little in the early 1990s economic downturn and went down a little during the halcyon economic days of the early part of this decade, but it has been remarkably stable otherwise. As described above, majorities consistently say the rich pay too little in taxes, although those responses have declined somewhat since the early 1990s. In the abstract, Americans think “money and wealth in this country should be more evenly distributed among a larger percentage of the people.” Fifty-eight percent in a 2008 Gallup question gave that response, while 37 percent said the distribution was fair. In a follow-up question, when asked whether “our government should or should not redistribute wealth by heavy taxes on the rich,” 46 percent said it should, while 50 percent were opposed. In 1998 those responses were 45 percent and 51 percent, respectively, and in 1939, in an in-person survey conducted by the Roper Organization for *Fortune*, 35 percent were in favor of redistribution, but 54 percent were opposed.

More than half a century ago, two University of Chicago law school professors, Walter Blum and Harry Kalven, authors of *The Uneasy Case for Progressive Taxation*, began to explore “how deeply the public was

Figure 1.
Q: Do you consider the amount of federal income tax you have to pay as too high, about right, or too low?



Source: The Gallup Organization. Source for 2005 is FD/Diageo/Hotline.

committed to progressive taxation.” Their survey was never completed, but pilot studies were done. The professors found that among tax questions, “the issue of distributing the tax burden ranked near the bottom.” They found people were not knowledgeable about progressivity. In 1996, when the Roper Organization asked about “words and phrases” people in government and the media use to talk about the economy, just one-third had a “pretty good idea” of what they meant when they used words such as “progressive tax.” In a 2003 Kaiser/NPR/Harvard poll, only 21 percent had heard the term “progressive tax” and knew what it meant.

Although they are not knowledgeable about the terminology, Americans seem to have pretty clear ideas about the maximum percentage of income people should have to pay in taxes. As shown in Figure 3, online surveys by Harris Interactive and the Tax Foundation conducted in 2005, 2006, 2007, and 2009 put the “maximum percentage of a person’s income that should go to taxes — that is, all taxes, state, federal and local” at 16, 15, 14.7, and 15.6 (means), respectively. A survey in the mid-1990s by the Roper Center that asked about families earning different amounts, found that the highest percentage of those surveyed preferred tax for a family making \$100,000 a year (the top-income category the surveyors asked about) “when you add their taxes together,” to be 23 percent (mean).

Which Taxes Do Americans See as Fair?

Another way to think about fairness is to ask people about the fairness of various taxes they pay. In both 1977 and 1978, in surveys conducted for the Advisory Commission on Intergovernmental Relations, people chose the local property tax over the federal income tax as the least fair tax, with the state income and state sales taxes lagging far behind. A decade later, the federal income tax took the prize for the least fair tax. In 2005, in a Gallup/CNN/*USA Today* question, 42 percent said the local property tax was the worst tax, followed by the federal income tax (20 percent), the state sales tax (17 percent), the Social Security tax (10 percent), and the state income tax (7 percent).

In a 2006 Harris Interactive/Tax Foundation survey about various federal taxes people pay, 31 percent chose the federal estate tax as the least fair federal tax, followed by 25 percent who chose the federal income tax, 14 percent the Social Security tax, and 7 percent the federal corporate tax.

In 2009 the Harris Interactive/Tax Foundation poll asked a scale question about the fairness of taxes paid to the federal government. Sixty-five percent put themselves at the far end of the scale in saying the estate tax was not fair. Fifty-five percent gave that response for the federal gas tax, 49 percent the corporate income tax, 47 percent the federal income tax, 38 percent Social Security

payroll taxes, and 35 percent cigarette, beer, and wine taxes. In the poll's 2007 question, the estate tax was also seen as the most unfair federal tax (see Figure 4).

Other questions in the survey literature confirm that people don't like the estate tax. In questions asked in 2005, 2006, 2007, and 2009 by Harris Interactive and the Tax Foundation, around two-thirds have favored "completely eliminating the estate tax, which is the tax on property left by people who die." In each year, around 2 in 10 opposed this proposition. Other pollsters don't ask about the estate tax very often. There are only two questions in the Roper Center's poll archive at the University of Connecticut about it from 2008 and 2009. One question, which asks about it in the context of good or bad ways "to express America's patriotism" and finds 37 percent agreeing that increasing "the estate tax, to ensure we have more of a level playing field rather than a permanent aristocracy" would be a good way to express patriotism, while 57 percent said it would be a bad way. A less loaded question asked by CBS News and *The New York Times*, tells people that "currently the federal government taxes the estates — that is, the property and money — people leave when they die. In a few years, that tax will only apply to estates worth more than \$3.5 million and by 2010 there would be no tax on any estate, no matter what it is worth," and then asks which of two points of view is closer to the respondent's. Forty-four percent in 2008 said there should be no tax on any estate, and 47 percent that it should be eliminated for most people, but kept in place for the very largest estates.

In 2005 *New York Times* pollsters found 17 percent in favor of placing a tax on assets when someone dies, with 76 percent opposed. They then asked those people who were opposed whether they would favor or oppose the

tax if it was only collected on estates worth more than \$1.5 million. Twenty-seven percent were in favor, but 46 percent were opposed. A third question asked the entire sample whether the federal government should tax estates worth more than \$1 million, only tax estates worth more than \$3.5 million, or permanently eliminate the tax. Fifty percent wanted to eliminate it, 23 percent put it on estates worth more than \$1 million, and 20 percent on estates worth more than \$3.5 million.

What Do Americans Expect From Obama?

During the 2008 presidential campaign, Americans were asked a number of times which presidential candidate would be better on the issue of taxes. In early September, after the Republican convention gave Sen. John McCain, R-Ariz., a short-lived boost, McCain had a small lead over Obama on handling the issue in Gallup and CNN/Opinion Research Corp. polls, but Obama led McCain in the October polls of these and other survey organizations. These responses are especially interesting in light of the responses to another question, asked by Gallup in August, September, and late October. In each survey, around one-third said McCain would increase their federal taxes (majorities said they would stay the same under a President McCain). Far more (53 percent in August, 54 percent in September, and 49 percent in October) said Obama would increase them.

On Election Day, in the national exit poll of the five networks and the Associated Press, 71 percent said their taxes would go up if Obama were elected; 61 percent gave that response about McCain. Voters were asked in another question whether their taxes would go up only if Obama were elected, only if McCain were elected, or whether they would "go up no matter which candidate wins."

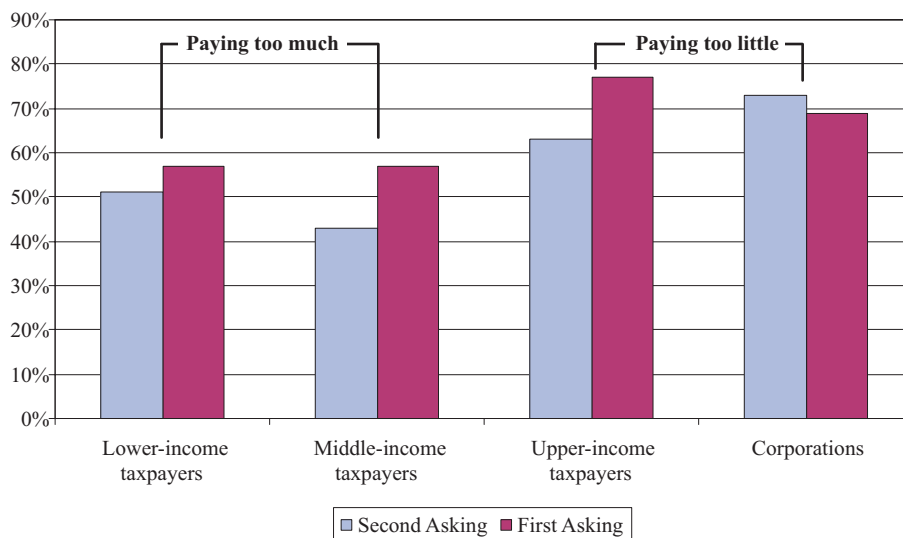
Almost twice as many voters (22 percent to 12 percent) checked the box saying their taxes would go up only if Obama were elected, but a strong plurality, 49 percent, said they would go up no matter which candidate won. Fifteen percent said they would stay the same or go down.

The responses to questions about Obama and taxes thus far this year point in different directions. In a straight up or down Fox News/Opinion Dynamics question from January, 60 percent said their taxes would go up under the Obama administration and 28 percent said they would go down. Another perspective is provided by an AP question that gave people three options. Fifty percent said their taxes would stay the same; of the remainder, 35 percent said they would rise and 13 percent fall.

The overriding tax concern for Americans today is that their taxes don't go up. In 1988 the late

Figure 2.

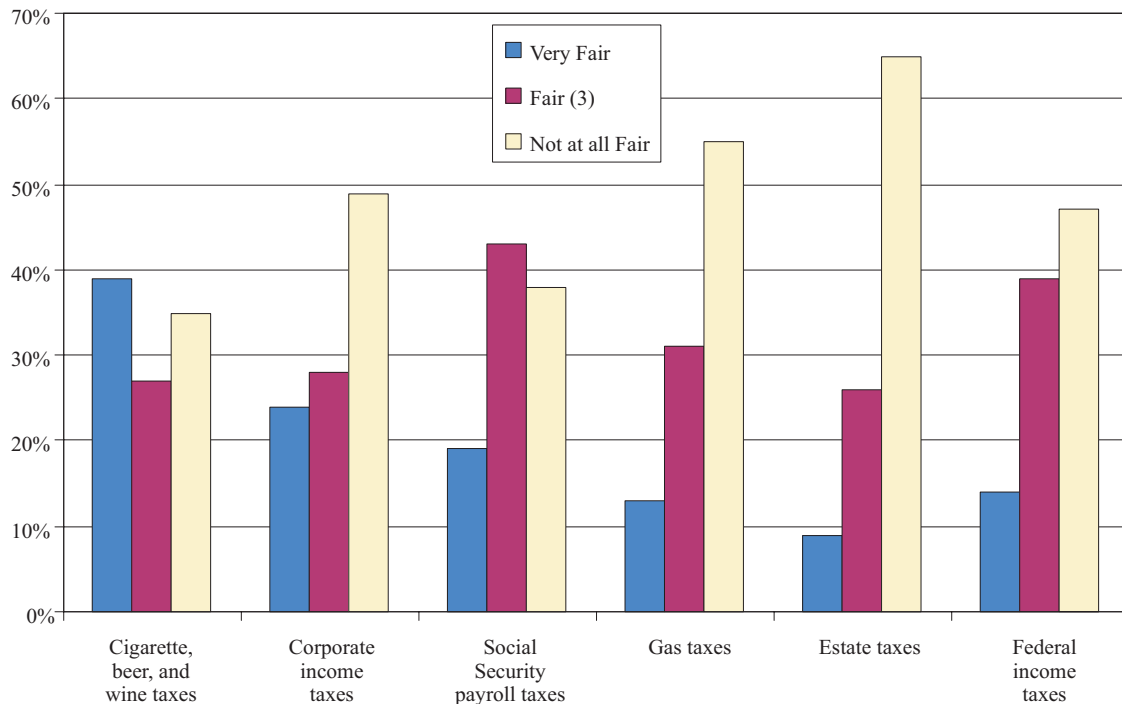
Q: As I read off some different groups, please tell me if you think they are paying their fair share in federal taxes, paying too much, or paying too little...



Note: First asking for all income groups was in 1992. Corporations were first asked about in 2004.

Source: The Gallup Organization.

Figure 3.
Q. Some taxes are paid to the federal government in Washington and some are paid to state and local governments. Using a scale of 1 to 5, where one means “very fair” and five means “not at all fair,” please indicate what you think of these federal taxes in terms of fairness.



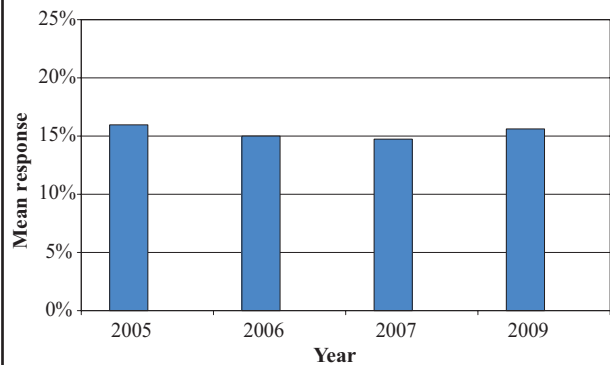
Note: Sample is an online sample.
 Source: Harris Interactive/Tax Foundation, Feb. 2009.

political scientist Everett Ladd wrote, “A national political leader has nothing to gain from promising to reduce taxes, but he has much to lose from being seen as one who would raise them.” I would qualify that statement with the words, “unless he plans to raise taxes on the rich,” a generally popular impulse, but one that has some peril given widely varying definitions of what it means to be rich.

Two polls asked for impressionistic views about Obama’s tax intentions. One by Greenberg Quinlan Rosner Research, for the advocacy organization the Democracy Corps, asked people whether certain words or phrases described Obama. Fifty-four percent said the phrase “will raise my taxes” described him very well or well, while 41 percent said that the phrase described him not too well or not well at all. Forty-nine percent in the January NBC News/*Wall Street Journal* poll worried that Obama would go too far in “raising taxes”; 46 percent were not worried.

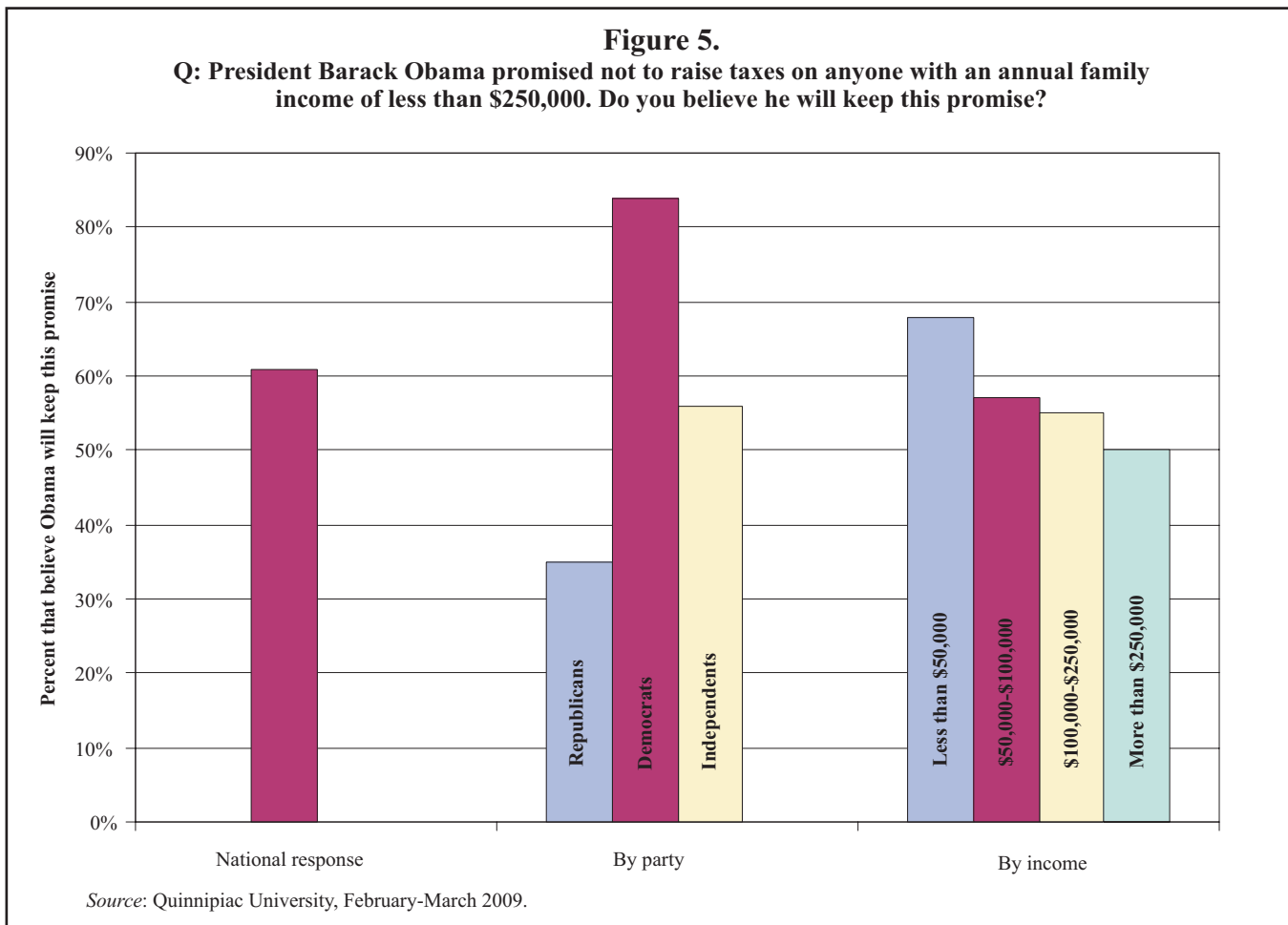
We tend to greet our presidents with high expectations, and Obama appears to be benefiting from that in terms of his tax promises. Fifty-nine percent in a mid-January CBS News/*New York Times* poll said he would cut taxes for the middle class (30 percent said he would not). In a January Gallup/*USA Today* poll about possible accomplishments, 53 percent said he would be able to cut taxes for 95 percent of working families (44 percent said

Figure 4.
Q: What is the maximum percentage of a person's income that should go to taxes — that is all taxes, state, federal, and local?



Note: Sample is an online sample.
 Source: Harris Interactive/Tax Foundation, Feb. 2009.

he would not). In the NBC News/*Wall Street Journal* polls, 61 percent in December 2008 and 65 percent in January 2009 said it was very or somewhat likely that he would be able to achieve the goal of reducing taxes for middle-income earners during his term as president. In a



late February-early March Quinnipiac University national poll, 61 percent said he would keep his promise not to raise taxes on anyone with an annual family income of less than \$250,000 (35 percent said he would not). The higher one goes up the income ladder the more skeptical people are. The partisan splits were familiar, with 84 percent of self-identified Democrats saying he would keep his promise, compared with 56 percent of independents and only 35 percent of Republicans. In this poll and others, Republicans have been more skeptical than Democrats or independents that he would keep other promises he's made (see Figure 5).

People usually don't believe politicians who promise to cut taxes as the data from the exit poll described above and other polls suggests. When George H. W. Bush made his "read my lips: no new taxes" pledge in August 1988, 7 in 10 told NBC News/*Wall Street Journal* interviewers he might accept new taxes. Only 2 in 10 believed he would not permit any new taxes. This disposition may come from a long-standing skepticism of politicians' promises, but it may also stem from people's belief they've rarely, if ever, received a tax cut from Washington. Perhaps those doubts reflect a failure to distinguish between the federal tax burden and other taxes people pay. In questions asked after the Reagan and George W. Bush tax cuts and the 1986 tax reform, only small proportions believed their taxes had been cut.

How Americans See the Two Parties on Taxes

The resonance of the Republicans' tax trump card is diminishing. Several polling organizations began to show an advantage for the Democrats on handling taxes, starting around 2005. This trend can be seen in an NBC News/*Wall Street Journal* question that asks about "dealing with taxes" and allows people to answer that both parties would do about the same job addressing them or that neither would. Republicans had a lead in 17 of 18 questions asked between 1993 and 2004 as the party that would do a better job. But since November 2005, Democrats had the edge (albeit narrowly in some cases) in seven questions as Bush's approval rating tanked. The same pattern — Democratic gains starting in the middle of this decade — appears in the ABC News/*Washington Post* and the Pew Research Center polls. It is not clear from the data whether this represents a new political realignment on taxes or, as is more likely, a negative verdict on a president whose unpopularity washed over his party. The Republican Party's advantage on almost every other issue also declined in the last few years of Bush's presidency.

Poll questions worded in different ways can reveal shades of difference in public thinking. The surveys still suggest that Republicans do better and often lead Democrats on questions that ask specifically about "holding the line" on taxes or "holding taxes down." Given the

public's low confidence in tax promises generally, the GOP's advantage in the future may be on holding the line on taxes rather than cutting them.

In 2008, in a break from past exit poll practice, voters leaving the polls were not asked about the most important problem facing the country. In exit poll questions asked from 1984 to 2004, taxes have never been the top issue of concern for voters nationwide. But voters who chose the issue have voted in overwhelming numbers for the Republican presidential candidate in each presidential election. In the 2004 National Election Pool (NEP) exit poll, for example, 5 percent of voters checked the box saying that taxes were their top concern, and they voted 57 percent to 43 percent for Bush. In 2000, in the poll conducted by NEP's predecessor, Voter News Service, 14 percent picked taxes, and they voted 80 percent to 17 percent for Bush over Al Gore.

How Much Do Americans Care About Tax Policy?

Even before the financial crisis began last fall, tax issues weren't high on the public's agenda. A question about the "most important problem facing the country today" has been asked scores of times since the 1930s and provides a historical record of Americans' concerns. In March when the Gallup Organization asked people to answer in their own words, 51 percent spontaneously mentioned the economy and 16 percent unemployment. Only 1 percent mentioned taxes. That might not seem surprising, given economic conditions today. But if one examines the responses over the past five years, no more than 3 percent have ever mentioned taxes. Taxes (and the deficit) have never been named as the single most important problem in Gallup's compilation of yearly averages of the responses begun in 1935, although economic concerns are frequently the top issue.

Another indication of the lack of urgency associated with taxes comes from polls conducted by the Pew Research Center. Since 1994, Pew has asked people about priorities for the president and Congress. In the 2009

survey, 43 percent said "reducing federal income taxes for the middle class" should be a top priority for Obama and Congress. Eighty-five percent mentioned the economy as a top priority, compared with 82 percent for improving the job situation, 76 percent for defending the United States against terrorism, 60 percent for securing Social Security as a top priority, 61 percent for improving the education system, and 59 percent for reducing health-care costs. Reducing middle-class taxes ranked 15th of the 20 issues the pollsters inquired about, putting it on a par with concern about reducing crime, dealing with the moral breakdown in the country, and strengthening the military. All of these issues are important, but the public does not see them as urgent. In 2005, 2007, and 2008, Pew also asked what priority should be accorded to making the "recent federal income tax cuts permanent." Around 35 percent each year said it should be a top priority.

A similar question from the 2009 ABC News/*Washington Post* poll found 23 percent giving "taxes" the highest priority. Compare that to 76 percent who gave the economy the highest priority. The tax issue ranked 9th of 11.

Proposition 13 Revisited

Twenty years after the passage of Proposition 13, 53 percent of Californians told Field Poll interviewers they would vote for Proposition 13 if it were up for a vote again; 35 percent said they would not. In the years since the tax quake rocked California and the nation, public opinion on federal taxes, although not public debate, has become more muted. The value of polls lies in their ability to discover current public thinking and see how it has changed over time, something this article is designed to do. Policymakers expecting clear guidance from polls on future tax policy choices and debates won't find it here. Polls can provide useful insights about public thinking, but they are simply too blunt an instrument to be used to make policy directly.