



A "no" vote on increasing taxes

By U.S. Rep. Mike Coffman

Posted: 08/10/2011

I strongly believe that we have a federal government that is much larger than our economy will ever be able to support. According to the nonpartisan Congressional Budget Office, total revenues to the federal government have never exceeded 21 percent of the gross domestic product in the best of economic times. In 2008, total spending by the federal government was at 20.7 percent of GDP and the national debt stood at 40.3 percent of GDP.

Spending under President Barack Obama[□] has grown to nearly 25 percent of GDP, with the debt-to-GDP ratio estimated to hit 72 percent this year.

Historically, the deeper the economic downturn, the more robust the recovery, but after almost \$1 trillion in so-called stimulus spending, cash for clunkers, cash for caulkers, and spending on green energy programs, our first-quarter growth rate for this year has been revised downward to an anemic 0.4 percent, and was only 1.5 percent for the second quarter.

It takes a growth rate north of 3 percent to make a difference in bringing down unemployment numbers. In 1981, President Ronald Reagan[□] inherited a severe recession with double-digit unemployment. He set in motion a series of pro-growth economic measures designed to stimulate the economy by reducing the tax and regulatory burdens on business. In 1982, the growth rate for the economy stood at 0.3 percent in the last quarter, but in 1983 it shot up to 4 percent and by 1984 it was 7.2 percent. It then averaged 4 percent for the next five years.

I don't believe that increasing the tax burden on our economy will create a single private-sector job, and that is why I will never support a tax increase as part of a deficit reduction agreement.

However, I do support tax reform that eliminates tax loopholes, deductions and credits to create a fairer, flatter and simpler tax code in exchange for a commensurate reduction in marginal tax rates.

Much of the world has left the U.S. in the dust when it comes to reducing the tax and regulatory burdens on their economies. Our corporate tax rate now stands at 35 percent. Only Japan now has a higher corporate tax rate, and its economy has stagnated for more than a decade. However, what Japan doesn't have is corporate taxes at the prefecture level (their equivalent to our states), so when we add in state corporate tax rates of 4 percent (the average), we then have the unfortunate distinction of having the highest corporate tax burden of any industrialized country.

While Japan is now debating lowering its corporate rate, Canada is lowering its to 15 percent. Canada not only has the AAA credit rating that the U.S. no longer has, but its economy is growing at a robust 3.9 percent.

The president has called for "shared sacrifice," but the Tax Foundation reports that between 1986 and 2008, the share of federal income taxes paid by the top 5 percent of earners has gone from 43 percent to 59 percent, and between 1986 and 2009, the percentage of Americans who pay zero or negative federal income taxes (with the earned income tax credit) has increased to 51 percent from 18.5 percent. Most small businesses are structured as Subchapter S corporations and pay taxes based on the individual and not the corporate rate. Increasing the individual rate will have the unintended consequence of hurting small businesses in their ability to expand and to create jobs.

The 2012 election will be a referendum on whether voters believe that the federal government has a spending problem or a revenue problem.

Read more at [The Denver Post](#)