

# ENOUGH IS ENOUGH!

## Speak Out Against Tax Increases

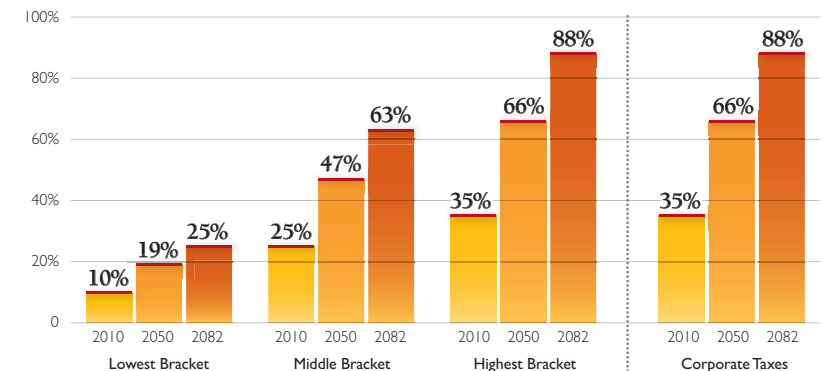
### Spending Is the Problem

- **Record Deficits:** The deficit will reach a stunning \$1.5 trillion this year. Even after the recession ends, trillion-dollar deficits will persist, causing the national debt to double by 2020.
- **Spending Is to Blame:** Excessive spending—*not* low revenues—accounts for 92% of deficits by 2014 and 100% by 2017. Solutions that “split the difference” between tax hikes and spending cuts doesn’t really address the source of the problem: spending.
- **Future Costs:** Social Security, Medicare, Medicaid, and interest costs will surge by nearly \$2 trillion by 2020. By comparison, the cost of extending the 2001 and 2003 tax cuts is 85% less at \$404 billion.

### Paying for Entitlements with Tax Increases Would Cause Tax Rates to Double

The costs of Medicare, Medicaid, and Social Security are rising substantially. Paying for this spending solely through federal income tax increases would require more than doubling current tax rates, even for the lowest tax bracket.

MARGINAL INCOME TAX RATES



Source: Congressional Budget Office.

Entitlements Chart 8 • 2010 Budget Chart Book [heritage.org](http://heritage.org)

### Tax Increases Are Not the Solution

- **Drastic Tax Increases Required to Balance the Budget:** Balancing the budget with tax increases alone would increase the tax burden from an average of 18% of the economy to 30% by 2055.
- **Income Tax Rates Would Have to Double:** Raising federal income taxes to pay for entitlement spending would require rates to double by 2050 and continue to rise thereafter.
- **VAT Is Not the Answer:** Layering on a value added tax (VAT)—a new national sales tax—would create a huge drag on the economy and family budgets. A VAT would cause the price of everything to rise by 15–20%. By 2019, 44 cents of every dollar would go to the federal government, compared to 15 cents today.

### Tax Hikes Have Harmful Economic Consequences

- **Tax Hikes Hurt Savings and Kill Jobs:** Tax increases take money from families and businesses, lowering savings and investment and killing jobs. This is especially harmful in the current economic climate.
- **Burden of Debt Left to Future Generations:** Future generations—who can’t yet vote—will be stuck paying the higher taxes and inheriting lower standards of living that go with it.
- **New Taxes Would Join, Not Replace, Existing Taxes:** Any new federal income taxes would be *on top of* state and local taxes, such as income, property, excise, fuel, and sales taxes.
- **Perpetually Increasing VAT:** A VAT would become a cash cow for Congress to fund new spending and open the door for continued, stealthy rate increases. Twenty of 29 developed economies with a VAT have increased rates since passage. Denmark leads, having increased their VAT from 15 to 25% since it was enacted.

**Congress has been mismanaging taxpayer dollars for decades. Can Washington really be trusted to use new revenues to close the deficit gap, or would they just spend the money on new programs?**

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