

"Last week? You mean we were supposed to come back last

## Study: low income Americans pay large share of federal taxes

**Associated Press** 

WASHINGTON — The share of all taxes paid by lower-income Americans has risen over the past two decades, due mainly to increasing Social Security taxes and a de-cline in corporate levies, according to a study released Wednesday.

Research by economist Joseph A. Pechman of the private Brookings

society, Pechman wrote in a book en- / property taxes. titled, "Who Paid the Taxes, 1966-85," such government payments as tribution of income.

Those payments have offset some of the redistribution of wealth that otherwise would have occurred under the tax system, he said.

Pechman also found a dollar of

The total tax burden has increased on the lowest onefifth of taxpayers, remained steady on the next-lowest group and rose slightly for everyone else except the top 10 percent, whose tax share declined. — economist Joseph Pechman

Institution here found the share wages is likely to be taxed at a higher paid by the the wealthiest 10 percent rate this year than a dollar of investof taxpayers has declined since 1966. ment income because of long-term And while taxes have done little to reductions in corporate income shift income among various levels of taxes and a reduced role for local

> But his key finding was that the based on ability to pay and that taxes claim a larger share of each dollar as income increases

The Social Security tax, by con-

trast, is regressive - the flat rate of 7.05 percent this year applies to the first \$39,600 earned by every covered worker.

Using what he called the most progressive set of assumptions, Pechman found that over the last 85," such government payments as Social Security and food stamps have "a major equalizing effect on the disincome tax is generally known as next-lowest group and rose slightly progressive — meaning that it is for everyone else except the top 10 percent, whose tax share declined.

At the bottom income level, a family paid 16.8 percent in taxes in 1966 and will pay 21.9 percent this year, age rate was 30.1 percent in 1966

and 25.3 percent this year. The main reason for the growing low-income burden has been the steady increase in taxes to finance Social Security and unemployment compensation, Pechman said.

Individual federal income taxes at lower earning levels also went up because adjustments in the personal exemption and standard deduction failed to keep pace with inflation, he aid. Those increases outweighed reductions in property and corporate income taxes, which are assumed to be passed on at least partially to con-

At high-income levels, the overall tax burden has declined because of the reduction in federal income-tax rates enacted in 1981 and the continuing drop in the share of taxes con-tributed by corporations, the econo-



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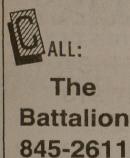
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