



# **Taxes in Pennsylvania Are Upside-Down**

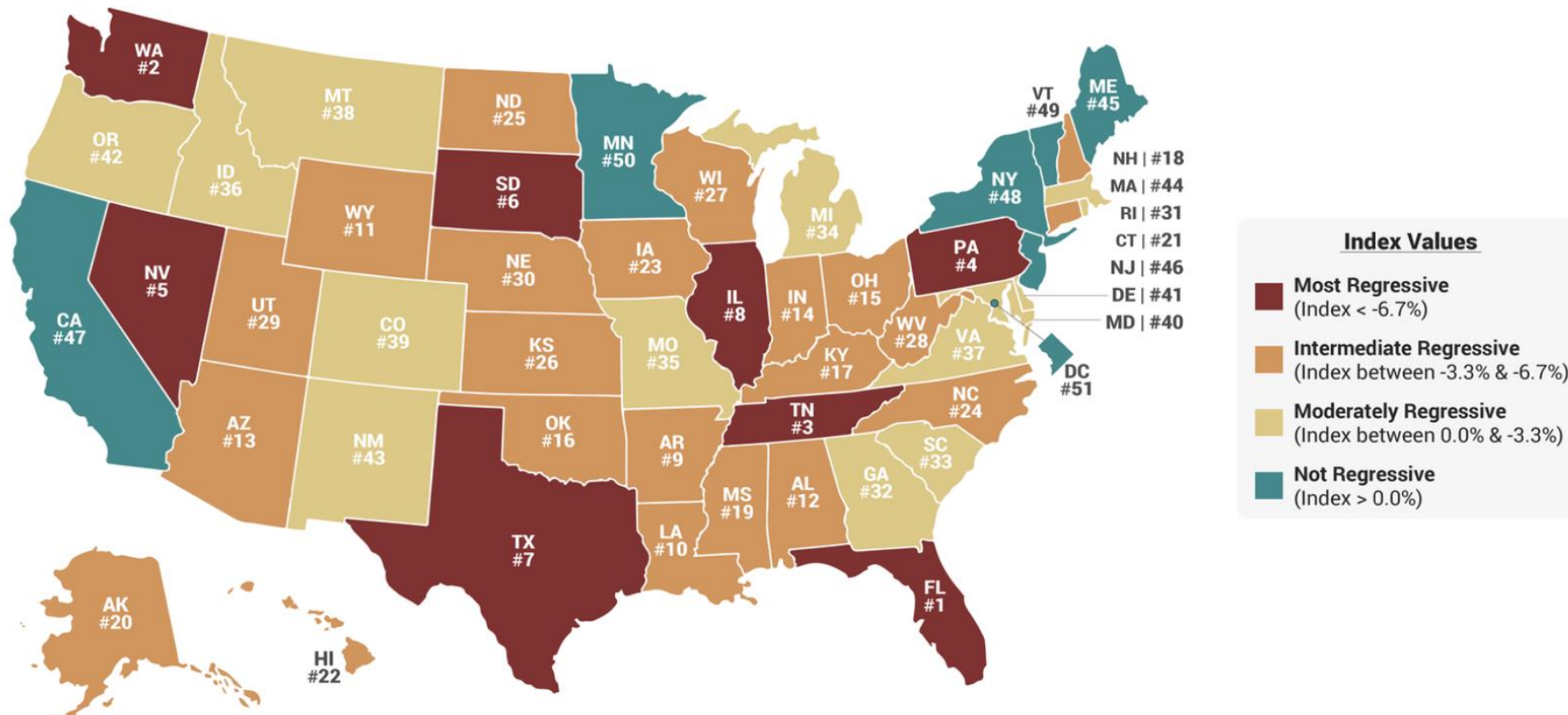
# Today's Event

- Overview of new Institute on Tax and Economic Policy Report on the distribution of taxes in 50 states, [Who Pays](#), Marc Stier, Executive Director, Pennsylvania Policy Center
- Reactions
  - Senator Art Haywood (D-Montgomery and Philadelphia)
  - Representative Chris Rabb (D-Philadelphia)
- State Revenue Alliance Poll on Pennsylvanians' attitudes toward the distribution of taxes, Marc Stier

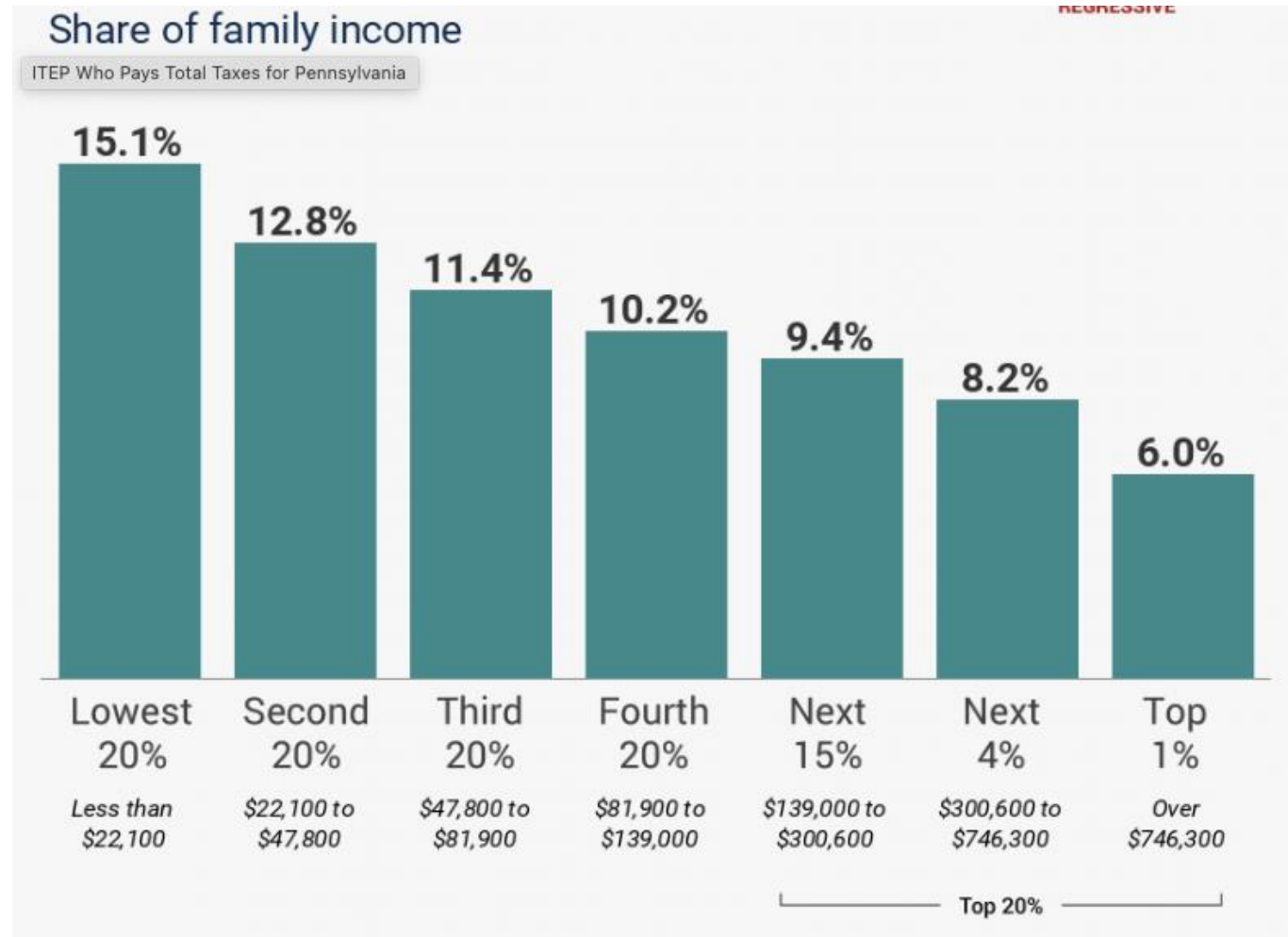
# Methodology

- ITEP's tax analysis looks at the tax rate—that is the percentage of total household / tax unit income paid in taxes—in different income categories.
- Almost all taxes are included (99.6% in PA).
- Only includes households / units headed by those under age 65.
- All forms of income are included, including government cash benefits such as social security, SSDI, veterans' benefits, unemployment insurance, worker's comp, child support, and other public cash benefits. It does not include the cash
- With a progressive tax system, the tax rate increases as income increases; a regressive tax system is one in which the tax rate decreases as income increases.

# Taxes in Pennsylvania are more regressive than in all our neighboring states.



# Total Taxes in PA



# Income Groups

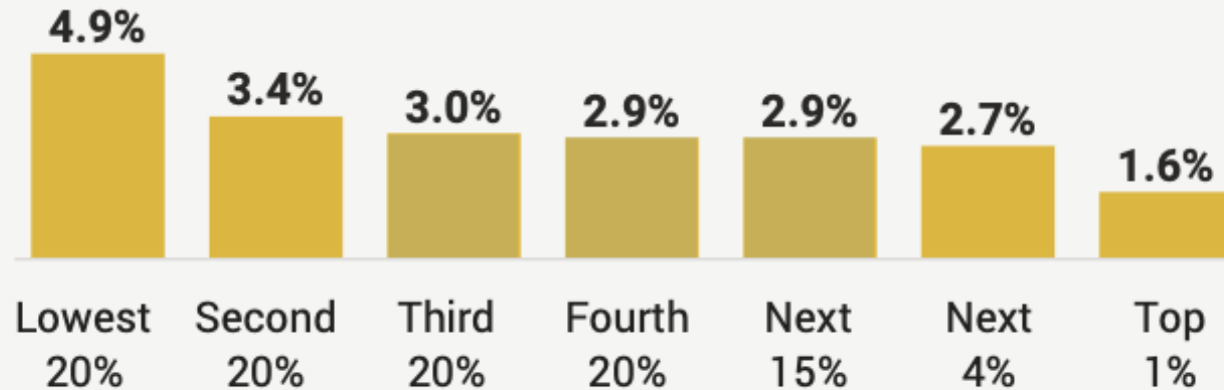
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$22,100	\$22,100 to \$47,800	\$47,800 to \$81,900	\$81,900 to \$139,000	\$139,000 to \$300,600	\$300,600 to \$746,300	Over \$746,300
Average Income in Group	\$12,000	\$33,700	\$63,300	\$109,600	\$185,800	\$431,000	\$1,777,700

# Property Taxes in PA

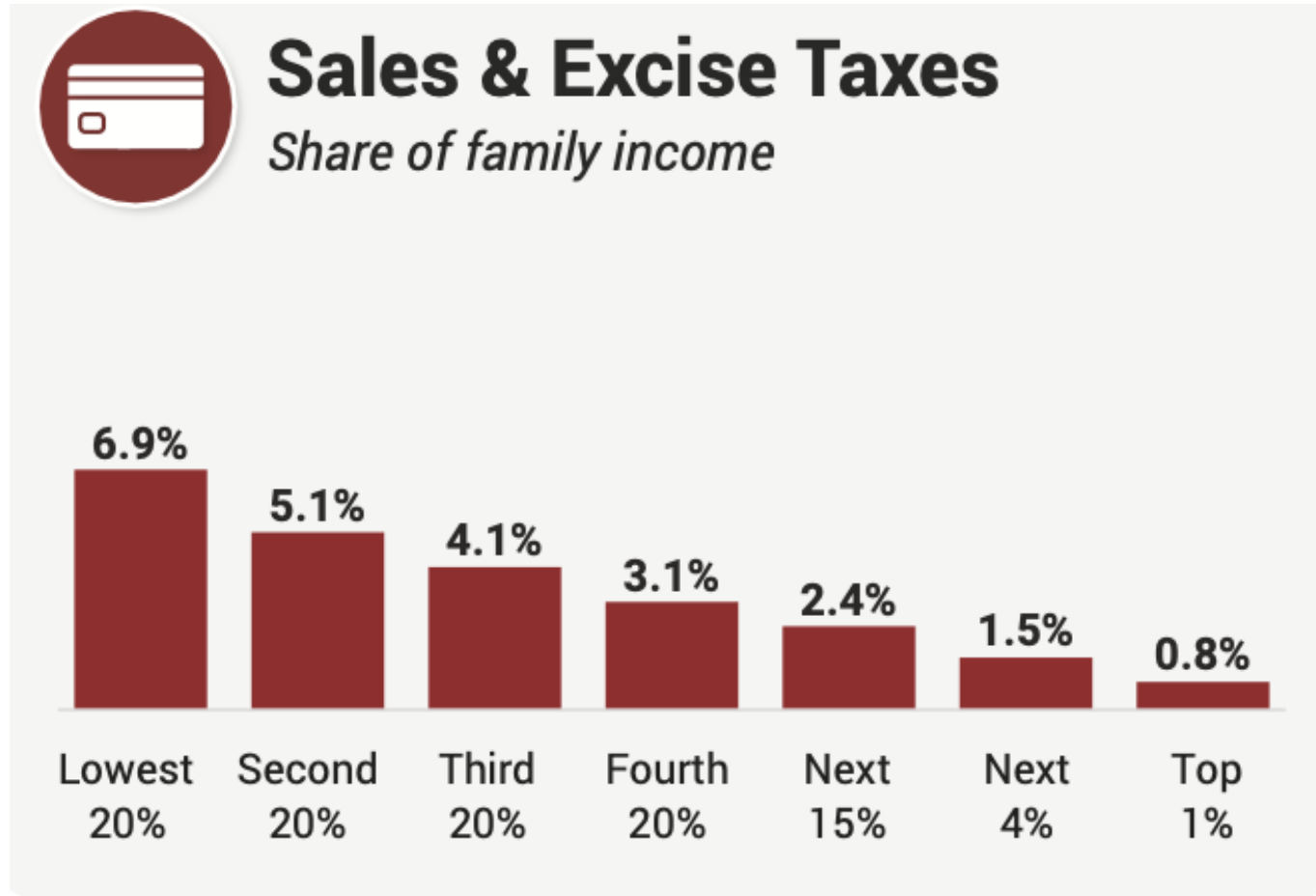


## Property Taxes

*Share of family income*



# Sales and Excise Taxes in PA



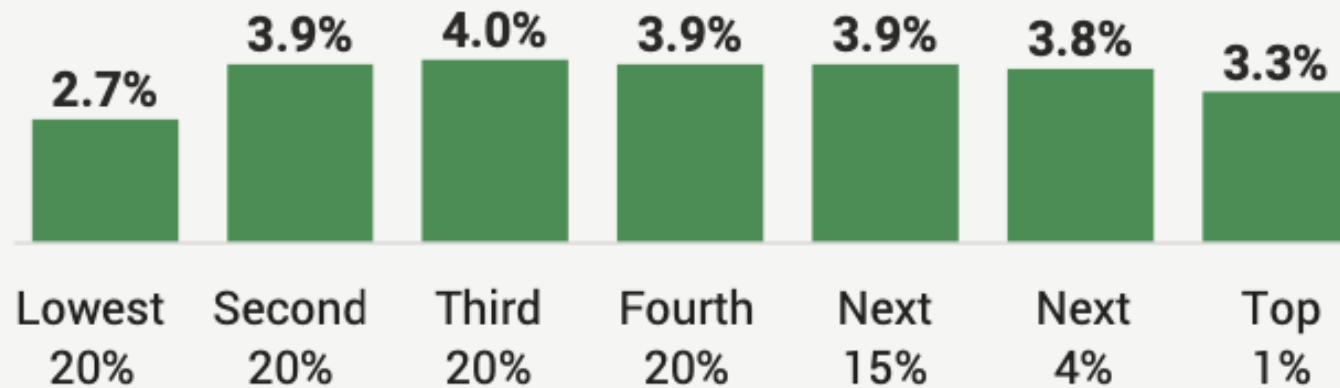


# Income Taxes in PA



## Personal Income Taxes

*Share of family income*

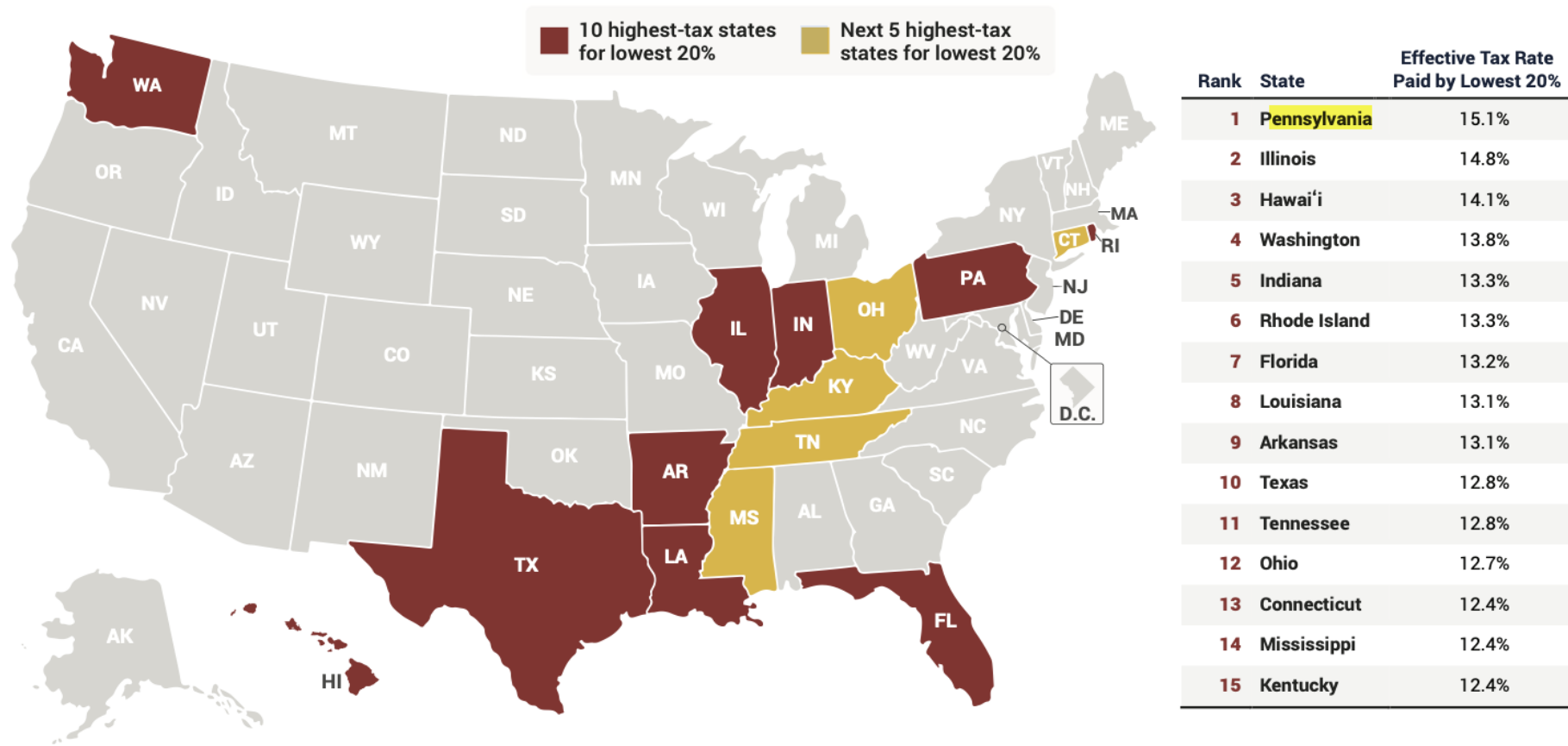


# Pennsylvania has the fourth most regressive tax system in the country.

Taxes as a share of family income and tax features driving these outcomes

Rank	State	ITEP Inequality Index	Lowest 20%	Middle 60%	Top 1%	No Broad-Based Income Tax	Flat-Rate Income Tax	Absence of Refundable Credits	High Reliance on Sales & Excise Taxes	High Reliance on Property Taxes
1	Florida	-9.2%	13.2%	9.1%	2.7%	X		X	X	X
2	Washington	-8.5%	13.8%	10.2%	4.1%	X			X	
3	Tennessee	-8.0%	12.8%	9.4%	3.8%	X		X	X	
4	Pennsylvania	-7.8%	15.1%	11.0%	6.0%		X			
5	Nevada	-7.8%	11.9%	8.4%	2.8%	X		X	X	
6	South Dakota	-7.3%	11.4%	7.8%	2.6%	X		X	X	
7	Texas	-7.2%	12.8%	9.5%	4.6%	X		X	X	X
8	Illinois	-6.6%	14.8%	12.1%	7.3%		X			
9	Arkansas	-6.4%	13.1%	10.7%	5.8%			X	X	
10	Louisiana	-6.3%	13.1%	11.6%	6.5%				X	

# Pennsylvania's tax rate on low-income families is the highest in the country



Source: Institute on Taxation and Economic Policy (ITEP)

# Why Is Progressive Taxation Good?

- The tax burden is far higher when people's incomes are lower. People with low and moderate incomes use all their income to pay for necessities. People with high incomes use far more of their income for luxuries or for savings.
- People and corporations with high incomes typically are able to earn those incomes in part because of government spending on education; research and development; transportation; and other infrastructure. Higher tax rates is a way for them to “give back” to the community for the benefits they receive.
- Progressive taxation is necessary to equality of opportunity—that is to giving those with low and moderate incomes an opportunity to make the best use of their talents and abilities, not just for themselves but for the community as a whole.
- Progressive taxation would put more money in the hands of families that spend their earnings rather than save them, thus boosting consumption and economic growth in the state.

# Poll: Profitable corporations and wealthy individuals are not paying enough in taxes.

Data for Progress poll of registered voters, December 2022. Extensive demographic data collection allows for estimating the percentage of registered voters who agree in each state House and Senate district. [Full details and links to results for each district are online.](#)

Percent who agree that "Profitable corporations and wealthy individuals are not paying enough in taxes"			
Registered voters in Pennsylvania			82%
	District with lowest level of support	District with the Highest level of support	Average District
Registered voters in PA House Districts held by Democrats	81%	92%	86%
Registered voters in PA House Districts held by Republicans	71%	84%	78%
Registered voters in PA Senate Districts held by Democrats	82%	92%	86%
Registered voters in PA Senate Districts held by Republican	75%	84%	80%