

## Pocket Facts: A Tax on One Is a Tax on All

- No tax is so straightforward that its burden is borne only by those who initially pay it.
- Texas' five major taxes are: sales and use, franchise, gasoline, motor vehicle sales and use, and school property.
- Using numbers provided by the Texas comptroller, it is calculated that the lowest 10 percent of income earners pay less than 5 percent of the total of Texas' major taxes, while the top 10 percent of income earners pay over 22 percent of that total.
- Individuals in lower income deciles are more likely single and young or elderly.
- A 1990 "luxury tax" on boats, private aircraft, and jewelry took in half of the \$31 million projected for 1991, and added unemployment benefit costs in the affected industries sent the new tax's total revenue into the red — by \$7.6 million.
- Texas' tax system as a whole could be considered regressive, but federal taxes are so progressive that combined state and federal taxes tend to be progressive.
- Taxes are shared: A per unit tax on a good hits consumers with higher prices and forces sellers to forego passing on the full burden of the tax, narrowing margins.

## Policy Recommendations

- Ensure the benefits of any government activity are obvious and large, because the costs, though real, are often significantly more difficult to identify.
- Do not use the tax system to further social goals — i.e., "make the rich pay their share."
- Levy taxes in the least distorting way, taxing productive economic activity as little as possible, and equally across the

[See Back For Study Information.](#)

***A Tax on One Is a Tax on All***  
**Efforts Aimed at Business or “The Rich” Merely Spiderweb**

By Byron Schlomach, Ph.D.  
Texas Public Policy Foundation

Published January 2005 by the Texas Public Policy Foundation.

Available online at:  
<http://www.texaspolicy.com/pdf/2005-01-taxes.pdf>  
or by calling (512) 472-2700.

