When Does Taxation Become Theft? - Reconciliation Bill Would Cause Taxes to Soar

November 9, 2021 - What is the maximum that someone should pay in taxes? And when does taxation turn into something else... namely, theft? These are questions that don't have clear cut answers but maybe they should. They certainly raise some questions about morality. And there are some easy parallels that can be used as examples.

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If someone breaks into your home and steals half of what you own, you'll be more than a little angry. Regardless of your income level, you'll probably want the people behind the crime to be caught, prosecuted and sent to jail. Just keep that in mind for the rest of this article.

Under the proposed reconciliation bill - which is also being called a second infrastructure bill - that congress and Joe Biden are pushing, top tax rates in the United States will go through the roof. In Wyoming, the combined federal and state top marginal tax rate would be 51.4%. And Wyoming provides the best-case scenario for taxpayers. In New York State, the combined rate would be 66.2% and in California it would be 64.7%

In fact, under the bill, New York, California, New Jersey, Hawaii, Washington D.C., Oregon, Minnesota and Vermont would all have combined rates of more than 60%. And all 50 states would have a combined rate of more than 50%.

The bill would give the United States the highest marginal tax rates in the developed world. And that means that American businesses will likely cut jobs here and move as much as they can of there operations offshore. Like it or not, capital is fluid and it doesn't have any respect for borders.

It's pretty easy to predict what will happen to American jobs if this bill moves forward. They will start to be shipped overseas. But moving back to the original question, when does taxation become theft?

I would posit to you that nobody should have to give the government 50% of what they earn. In this case, more than 50%. Once the United States starts doing that, there isn't any real reason for high income earners to remain here. After all, they can probably get a good job or run their companies from pretty much anywhere in the world, and do it comfortably. And at the same time, they can keep more of the money they earn.

Any way you shape it, this is bad policy. Some people will say it's ok to tax the rich, but former governor of New York, Andrew Cuomo, got it right when he said, "Tax the rich, tax the rich, tax the rich. We did that. God forbid the rich leave." That's because they don't like it when people steal from them. The same applies to the United States.
by Jim Malmberg
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