



Tax Facts

That dreaded time of the year - tax time - is over. Have you ever wondered where income taxes come from, who pays and what the future holds for income taxes.

In colonial times, taxes were very low, and were collected on imports like whiskey and tea. There was a stamp act passed by Great Britain that required legal documents, contracts, newspapers, etc. to carry a tax stamp. Americans began to protest and argue that there should be “no taxation without representation” because the British Parliament passed taxes with no American representation. So, the Revolution was really about whether the British Parliament had the right to impose those taxes.

Of course we all know about the Boston Tea Party, which was a protest by the American colonies against Great Britain for taxation on tea, and many brave colonists dumped chests of tea into Boston Harbor in protest. Big mistake on the part of the British, as the Americans declared independence, fought and won the Revolutionary War, and thus our independent nation began.

Tariffs were the largest revenue source for the federal government, from the 1790's until the eve of World War I.

In order to pay for the American Civil War, Congress imposed the first personal income tax in 1861, which was 3% on all income over \$800.

Three percent sounds like a pretty good rate. That income tax went away in 1872, and there was no income tax until 1913. In 1913, Congress enacted the Revenue Act, which levied a 1% tax on personal incomes above \$3000, and a 6% sur-tax on incomes above \$500,000.

Income tax wasn't technically even legal until the Sixteenth Amendment was ratified in 1913, which allowed for the levying and collection of income taxes. During World War II, Congress introduced the payroll withholding and quarterly tax payment system.

So, who pays all of these income taxes? Using the most recent available income tax data, 2013, 138 million tax payers reported earning \$9 trillion dollars, and payed \$1.32 trillion in income taxes.

The top 1% of earners in that year earned 19% of the income and paid nearly 38% of the income taxes. The top 50% of all taxpayers paid 97.2% of all income taxes, the bottom paying the remaining 3%. The top 1% of earners paid a greater share of income taxes, 38%, than the bottom 90% of tax payers, and the top 1% of tax payers paid an effective income tax rate higher than any other group, at 27%, which is 8 times higher than tax payers in the bottom 50%, which is 3.3%.

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So, when you see in the media, or hear people argue that the wealthy don't pay their share of income taxes, that is not technically accurate.

It's estimated that a little over 45% of American households, or about 78 million people, paid no income taxes, for the 2015 tax year, according to the tax policy center. If you do the math, the richest 20% of Americans by far pay the most in income taxes, at nearly 87% of all the income tax collected. And, if you add in excise taxes, corporate taxes, and estate taxes, the richest 20% pay 69% of all federal taxes. The second richest pay 17.5%, and the middle income pay 9% of all federal taxes.

Now let's think about the State of Illinois income tax situation, and where we are headed in our state. According to recent comments by State Senator Chuck Weaver, our current budget deficit in the state is nearly \$13 billion, and with 13 million people in the State of Illinois, that is \$1,000 owed by every man, woman and child in the state of Illinois. But that doesn't tell the whole story. With the pension debt of at least \$130 billion, depending on how you calculate that number, that adds another \$10,000 to every person's debt in this state. So we are now at \$11,000 per person. So a family of 3 owes \$33,000, that must be paid. But, again there is more to the story. Only about half the people in the State of Illinois pay taxes, therefore, the family of three debt goes to 66,000.

The debate in Springfield is whether to raise the State of Illinois income tax rate to pay off the state's debt. The arguments at this time, are whether to simply raise the income tax

rate, or whether there should be structural changes to assure that we don't get into this mess again.

Whatever your politics, it's an issue that must be solved.

Many people and businesses are simply leaving the state, and when they do their IOU of \$22,000 per person, or \$66,000 for a family of 3 is wiped out. And those of us who remain in the state are left with that bill. The beneficiaries of our policies are the neighboring states, like Wisconsin, Indiana, who are welcoming our people and our businesses.

Income taxes are a reasonable way to pay for our Federal Government. They are progressive, meaning that taxes go up as you earn more money. However, income taxes have become too complicated, arguably unfairly apportioned, and government, both federal and state have simply overspent. There is no reason that reasonable people can't come up with a simple, fair tax system, and just like our families, not to spend more than you earn. So, what's the future of income taxes? If you look at our history, taxes have continued to rise, with relatively rare periods of lower tax rates.

Federal and State governments have continued to spend more money, requiring borrowing more money, with interest on our federal and state debt becoming a serious concern, and there will be a day of reckoning.

Information obtained from:

- **Congressional Budget Office**
- **Marketwatch 4-18-16**
- **Tax Foundation 11-19-15**

Friends in Motion

Anniversaries being celebrated include: **Jim and Barb**



Spiker (21 years) of Edwards, CO, Happy anniversary Jim and Barb!

Birthday celebrations include: **Swede Borg** (74) of London Mills, **Deb Hobbs** (73), of Good Hope, **Kay McCance** (77), of Smithfield, **Margaret White** (81) of Avon, **Karen Thompson** (72),

Sara Hudson (89), and **Carolyn (Deedee)**



Pensinger (81), all of Bushnell, and **Harris**

Lafary, and **Lyndall Pigg**, both of Bushnell. Happy birthday to all!



UPCOMING COMMUNITY EVENTS

May 6 & Jun 3 - VFW breakfast, 7 to 10 am

Jun. 2 - Free blood pressure, pulse/oxygen, cholesterol and blood sugar checks at F&M Main Bank Lobby, 9 to 10 am.

May 11 - 13 - Bushnell Chamber of Commerce May Play Days.

May 19 - 21 - Jeep Blitz.

May 21 - B-PC Graduation

**Sunday,
May 14, 2017**



Not Fond of Asparagus, Let us Change Your Mind

ASPARAGUS RISOTTO

Dan Cortelyou

- 1 medium onion, chopped
- 1/4 lb. mushrooms, sliced
- 2 Tbsp. butter
- 2 Tbsp. olive oil
- 2 cups Arborio rice, Italian risotto rice
- 1 tsp. salt
- 1 tsp. white pepper
- 3 1/2 cups chicken broth
- 1/2 cup dry white wine
- 1/4 tsp. turmeric
- 1/2 lb. asparagus, fresh
- 1/3 cup parmesan cheese, ground

Using a 3 quart dish, combine onion, mushrooms, oil and butter. Cover and place in microwave on high for 5 minutes. Stir in rice, broth, wine and turmeric. Cover again and microwave on high for 15 minutes. Cut asparagus into 1 inch pieces. Next, stir rice mixture and microwave on high uncovered for 10 minutes. Now with a fork toss the asparagus into the rice. Cover and microwave on high for 5 minutes more. Remove the rice from the microwave and let stand covered for 5 minutes. Stir in the parmesan cheese with fork and season with salt and pepper.

GRILLED ITALIAN ASPARAGUS

Carie Miller

- 15-20 stalks of Asparagus
- 1 bottle of Kraft Zesty Italian Dressing

Place asparagus in a zip-lock bag. Add bottle of dressing. Chill in refrigerator for about an hour turning over in about half an hour to marinate on all sides. Once grill is heated place aluminum foil on grill and place asparagus on foil with a little space between each stalk. Pour



remaining dressing over asparagus on grill just enough to cover so they don't dry out. Cook for about 10 minutes. Flip stalks and cook for another 10 minutes or until desired tenderness.

ASPARAGUS CASSEROLE

Kathy Lynn

- 3 tall cans asparagus (reserve juice)
- Velveeta cheese,
- Butter
- 6 hard boiled eggs, sliced
- Saltine crackers (2 sleeves)

Arrange half of asparagus over the bottom of a buttered casserole dish. Place half of the hard boiled eggs on top. Layer slices of Velveeta over the eggs. Sprinkle 1 sleeve crushed crackers over top. Make another layer of the same. Before adding the top layer of crackers, pour juice from the asparagus over entire casserole. Top with crackers. Dot with butter, and bake in a preheated oven at 350 degrees for 35-45 minutes.