

Individual Income Tax- Senate Finance Committee

Glenn Stordeur
[REDACTED]
[REDACTED]

Dear Individual Income Tax Committee,

I am delighted to find that the Senate has taken up the idea of hearing from taxpayers as to how to reform our tax system.

As a 39 year old father, husband, school teacher and sole supporter of my household, I feel I have insights on the tax system and how to reform it. In addition, I believe my current situation sheds some light on what is happening and how to improve it.

My profession as a high school teacher and my wife's position as a home maker have landed my family, like the majority of Americans, in the 15% tax bracket. As a result, we have made decisions that reflect our situation. We have chosen to live in a modest one bedroom apartment and split our living room to save on costs and commute over an hour each way. This is just one example of how we try to live within our means. I say this so I can demonstrate that we are a middle class family and not the kind of family that is rich and has a lot of excess and spare money. I have worked very hard and taken any extra opportunities at work to make any extra money that I can.

Recently, my efforts have been rewarded and have been offered a promotion to Department Chair and to take on an extra course that will boost my salary an additional 20%. I immediately realized that this extra course would increase my student load by almost double. This means I will be doing almost double the work but at a 20% increase, plus the additional chair responsibilities. In recognition of the huge salary increase and what it could do for my family, however, I immediately accepted. I know that this will lead to less hours to see my children.

When I went to file my taxes for this year, I realized that this salary bump would push me into the next tax bracket at 25%. I then began to then think of how much of my 20% increase would be eaten up by the 10% tax increase.

In looking at the full scope of the tax brackets it occurred to me that the jump from 15% to 25% I realized that the single biggest jump of all of the tax brackets is from 15% to 25%. This is a 10% jump and it is aimed squarely at those who pull in \$37,000 for one or \$72,000 for two. No other tax bracket has an increase of more than 5%. The tax bracket increases are 5%, 10%, 3%, 5%, 2% and 4.6%.

The inherent unfairness of this is striking. To put into perspective the people pulling in this kind of money are two income families, people with more than one job or people gaining promotions and supporting families. This is precisely not the people who should be bearing the heaviest tax increase. These are the people who will be spending the additional money they have in a variety of ways that mostly revolve around the support of their families. Whatever they do with the

money it will surely go right back into the economy. This is not the group that would be storing their money in offshore tax havens and shelters. This percentage increase at this level of income is a regressive tax that is a disincentive for people to advance at work or take that extra job to make the money that their families need. The tax code should not include that level of a tax jump nor should it be at the level of 36,000 of income for one or 72,000 for two. Tax increases should be at a level that is not really felt too much and not serve as this kind of disincentive that makes you wonder if these efforts are worth it.

To further illustrate the point, I would like to point out that you would have to increase from \$37,000 all the way up to \$411,000 to experience a 10% increase in your taxes from 25% to 35%. Just let that sink in for a moment and you will realize that this is in no way fair or just.

While most agree that a simpler tax code is needed; there are some who have taken this to mean that we need fewer tax brackets. More or less tax brackets do not make the tax code simpler. What is making the tax code too complex is the amount of deductions and income increases from outside sources. What would make the tax code more simple is a very simple logic to it that is very easy to understand. For every X amount of dollars you increase in salary, you get an X amount % increase. For example, for every \$50,000 you make you get a 5% increase. This could yield a tax bracket levels as follows:

\$0-\$50,000 - 10%
\$50,000-\$100,000- 15%
\$100,000-\$150,000- 20%
\$150,000-\$200,000- 25%
\$200,000-\$300,000- 30%
\$300,000-\$350,000- 35%
\$350,000-\$400,000- 40%

This is just a sample idea, it can be done in many numerous ways but as you can see the concept is quite simple. I would leave it to the experts who have the data to say exactly what the dollars to percentage increase should be in order to achieve the right amount of revenue and growth. Perhaps it every \$35,000 is a 3% increase.

I hope that whatever is settled upon takes into account these thoughts and comes to the reasonable conclusion that the tax code should follow two important principles

- 1- It should not include any large jumps in percentage increases (over 5%)
- 2- Least of all these jumps should not be aimed at the middle class level (under \$50,000 for \$100,000 for 2)

Thank you so much for your consideration.

Sincerely,

Glenn Stordeur