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Pa. should replace its burdensome list of taxes with a 5.4 percent income tax

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Some things you just know: The sun will rise in the east; compasses will point north; and politicians will do everything in their power to raise taxes.

Want some evidence? When it was first instituted, Pennsylvania's sales tax rate was [1 percent](#). Within 15 years, legislators doubled it, doubled it again, and then raised it by half, to six percent where it has remained since. Pennsylvania's personal income tax rate [averaged](#) 2.2 percent from its adoption in 1971 until 1991. Since 1991, the income tax rate has risen by almost half. And recent governors have [repeatedly proposed](#) raising it further.

Meanwhile, our politicians have found any number of other new and exciting ways to reach into Pennsylvanians' pockets.

They raised the gas tax from [32.3 cents](#) per gallon in 2013 to [58.2 cents](#) today. That's an 80 percent increase over just three years. Tolls on the Pennsylvania turnpike have risen [nine years](#) in a row, racking up a total increase of almost [130 percent](#) since 2008. According to the Turnpike Commission, we can expect tolls to [continue increasing](#) annually for the next 27 years!

Sometimes the state goes small, as it did last year when it imposed a 40% tax on vape shops. Predictably, all this did was to shutter [30 percent](#) of these businesses. Governor Wolf is presently proposing a [\\$25 per person](#) "trooper tax" on people living in the 1,300 municipalities that do not have their own police forces. In 2016, the state imposed a new [5 percent](#) tax on medical marijuana - not on recreational marijuana, but on a drug that people need as part of their medical treatments.

Notice two important things. First, these taxes bring in a lot of money. Governor Wolf estimates that the "trooper tax" will bring in over [\\$60 million](#) per year. The auditor general estimates that a tax on recreational and medicinal marijuana could bring in [\\$200 million](#) per year. Second, relative to Pennsylvania's spending, these taxes collect next to nothing. Pennsylvania's state government spends [\\$80 billion](#) per year, or more than \$200 million per day. At that rate, the annual trooper tax would keep Pennsylvania's government humming along for a grand total of 7 hours. The e-cigarette tax that put one-third of vape shops out of business throughout the state

added less than [\\$10 million](#) to the state's coffers last year - enough to keep Harrisburg in business for all of 65 minutes. For a little more than an hour's worth of state spending, our legislators permanently closed over [one-hundred](#) Pennsylvania businesses.

In an effort to feed its insatiable appetite, Harrisburg has taxed personal incomes, corporate incomes, non-corporate business incomes, purchases, gasoline, cars, car rentals, home sales, hotel stays, beer, wine, liquor, cigarettes, e-cigarettes - the list goes on and on. And although all of these are painful for the people who pay them, none of these new taxes and tax increases are all that meaningful to the budget. Since 1971, state tax revenues have been a relatively constant 5.4 percent (plus or minus half a percentage point) of the [state's economy](#). Whether tax rates were lower or higher, whether the state taxed more or fewer things, whether the state taxed businesses or people, our state government's share of the economic pie hasn't changed. There is an important lesson here: If the state is destined to collect 5.4 percent of the economy regardless of what and how it taxes, then legislators should design tax policies not with the intent of raising revenue but of growing the economy. And they should do so while making it as painless as possible to file and as clear as possible who is actually paying what.

Put most simply, Pennsylvania could replace all its myriad and complex taxes with one 5.4 percent tax on incomes derived from all sources combined. A simple tax like this would generate about the same amount of money the state now collects, and the simplicity and transparency would make it much harder for future politicians to dole out special tax treatment to politically favored groups and industries. The simpler and more transparent the state's tax code is, the easier entrepreneurs and investors will find it to create the jobs that make Pennsylvania's economy grow.

If the state is destined to get a 5.4 percent slice of the economic pie, then let's enact a simple and transparent tax code that encourages Pennsylvanians to bake a larger pie.

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