



## HOW MUCH IS TOO MUCH? by Finneus

What percentage of your income goes to taxes, not just income taxes, but all taxes? Did you add the \$2.10 sales tax on the "Weird Al" Yankovic t-shirt you bought at the concert the other night? Or the \$5 Special Event Tax you paid with the concert ticket? The \$9.27 in fuel taxes you burned on the 350 miles to and from the concert? The \$6.80 hotel tax, \$6.23 sales tax on the hotel room, \$1.64 in sales taxes paid for restaurant food, the \$0.28 drive-through tax, and the \$0.13 dine-in tax? Did you realize you paid \$31.10 in tax just going to a concert?

In reality, our personal tax burden is far greater than what we pay in income taxes. A litany of Federal, State, and Local taxes are applied to all kinds of personal transactions in addition to our income taxes. These apply to hotel rooms, restaurants, phone, power, air travel, alcohol, property, marriage, vehicles, and more. Actually, the list of special taxes is too long to fit on one page.

If you own property, you know all about the recent property tax fluctuations. Even if you rent, a portion of your monthly rent goes to paying the property taxes.

Indiana has a 7% Sales Tax on all non-food items. However, prepared foods, such as frozen dinners, are not considered "food" by the government and subject to Sales Tax. If you have public water, then even your tap water is taxed at 7%!

Every gallon of gasoline you buy in the State of Indiana has the following taxes included in the price per gallon: 18.4 cents Federal Fuel Tax, and 18 cents State Fuel Tax, 7% State Sales Tax, and a 1 cent Inspection Fee. Considering the current price of gasoline, around \$2.75 per gallon, that equals roughly 54 cents per gallon in taxes! Those of you who drive diesels pay roughly 73 cents per gallon in combined Federal and State taxes.

The publicly popular attack on smokers has led to combined Federal and State taxes of over \$2.00 per pack, in addition to the 7% Indiana State Sales Tax. Also, the State sets the minimum price that can be charged for cigarettes at the retail level.

There are Special Event Taxes for concerts, sporting events, and shows. Some communities have a special tax rate if you use the drive-through at a fast food restaurant.

Politicians are clever at hiding taxes by not calling it a tax. They use names like "Fee", "Surcharge", "License", or "Registration" (911 Service Fees, Special Event Fees, Vehicle Registrations, Wheel Surcharges, and Hunting Licenses). Don't be fooled, all are taxes by a different name!

Another tactic used by local politicians is to tax those products or services not typically used by their constituents. They love to fleece "out-of-towners" with hotel, restaurant, and event taxes. This is fine until you have to travel some place and you are the "out-of-towner"!

Politicians have learned that introducing new taxes can be detrimental to their careers, but not providing the pork for their constituents can shorten their political lives just as quickly. Taxing small sectors of the population, gets the money they need, while not offending a large enough voting block to risk reelection.

Few of us look beyond the total on our receipts after making a business transaction, but doing so will help you see these taxes. Read your receipts, bills, and statements. Remember that just because it uses the term "Fee," doesn't mean it isn't a tax!

To calculate your tax burden, save every receipt and pay stub for one month. Then add all of the taxes (including withholding) from your receipts, bills, statements, and pay stubs. Prorate things like property taxes, vehicle registration, or other taxes or fees not paid monthly. Add it all together, divide that by your total income for the month, and multiply by 100. That will be your tax burden. In reality, most of us pay over 50% of our income on taxes. Now ask yourself, "How much is TOO MUCH!"

NOTE: Businesses are subject to a huge amount of taxation. Those costs are passed to us through increased prices for products. That burden, which we pay indirectly, is not included in this total.

To learn more: [www.cato.org](http://www.cato.org), or just Google, "How much tax do we really pay?"