

## Just Never Satisfied

September 23, 2020

The top federal income tax rate is currently 37 percent.

It's been higher — 94 percent at one point during the Second World War, 91 percent in the 1950s . . . on income above a certain threshold.

Back in the 1890s, the federal government briefly taxed income at 2 percent. It was quickly struck down by the U.S. Supreme Court as unconstitutional.

Those were the days.

In 1913, the 16th Amendment was ratified, giving Congress “power to lay and collect taxes on incomes” overriding the

**Presumably, this latter, and quite brazen, aspect of an already brazen tax would be subject to constitutional challenges.**

constitutional provisions that the high court had cited in 1895. The first federal rates were 1 percent for the lowest income bracket, 7 percent for the top bracket, on income above \$500,000.\*

By 1916, the lowest percentage was 2, the



highest 25, on income above \$2,000,000.

The good news: skyward tax rates aren't set in stone. The bad news: once a precedent for a new tax has been established, you can expect worse to come.

So what happens if California Assemblyman Rob Bonda gets his way? He seeks a tax of “just” 0.4 percent on the accumulated wealth of “just” “the top 0.15%” wealthiest Californians, “about 30,000 people.” If these wealthiest leave the state, they would still be subject to the tax for ten years(!).

Presumably, this latter, and quite brazen, aspect of an already brazen tax would be subject to constitutional challenges.

If Bonda's proposal is enacted and upheld, would the scope of its reach stay put at 0.4 percent of holdings and 0.15 percent of Californian taxpayers?

It would not.

This is Common Sense. I'm Paul Jacob.

\* That was a lot of money back then — worth \$13 million