Press Release

Wealth Tax Would Disproportionately Harm Workers

ANDREW EVANS | JANUARY 10, 2020

Senators and presidential candidates Elizabeth Warren and Bernie Sanders have proposed taxes on household wealth, seeking to impose the burden of government expansion on a small number of individuals. New research from the American Action Forum, employing a third-party model similar to those used by federal government agencies, examines the economic impact of their proposals. It finds that such a tax would have a uniquely negative impact on workers' real wages – ultimately imposing an effective tax of 63 cents on workers for every dollar the government raises in revenue from the wealthy.

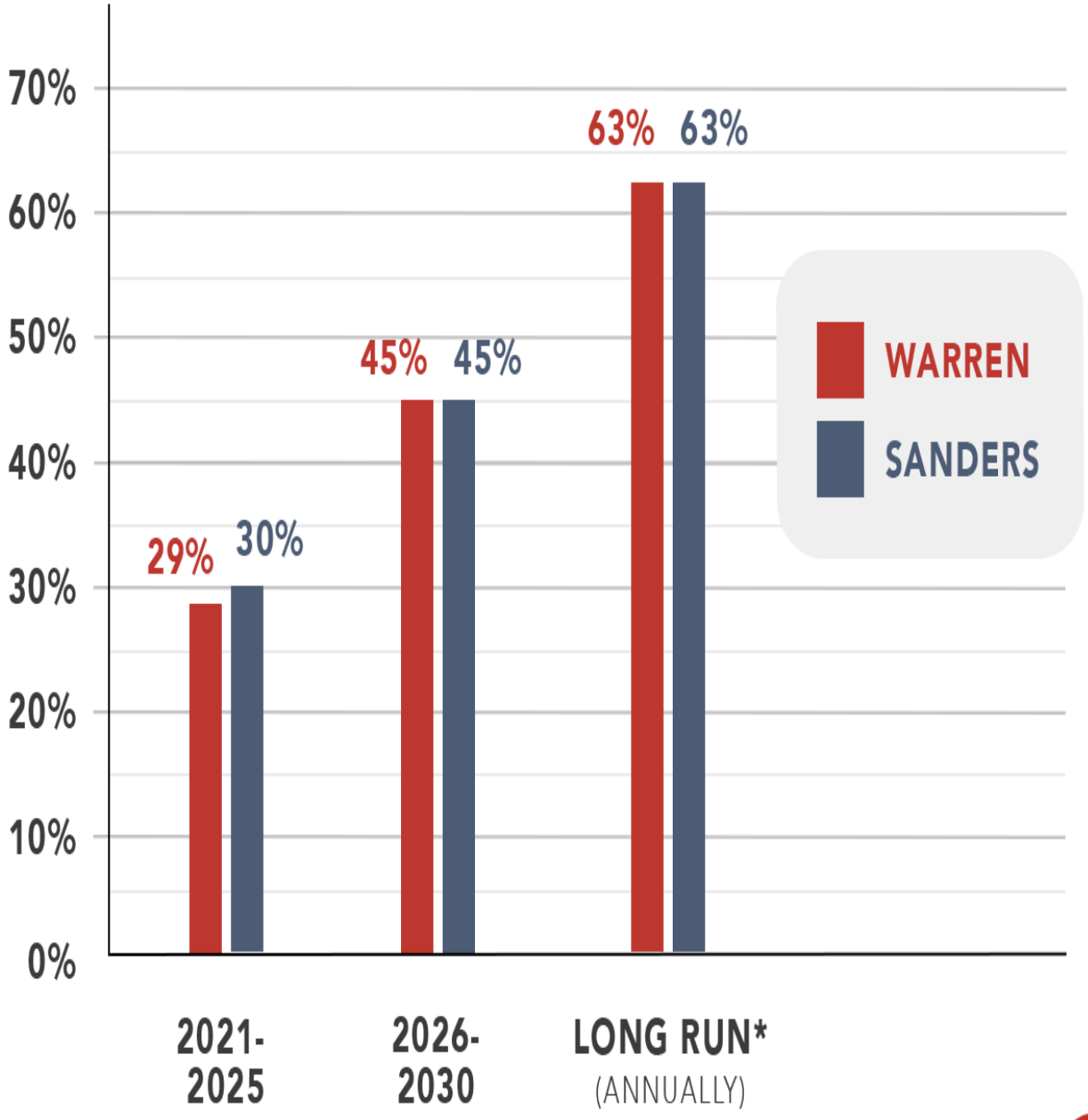
See related piece in today's *Washington Post,* "Liberals' wealth tax would ripple through U.S. economy, GOP economist says."

The key findings:

- The Warren wealth tax would cost workers $1.2 trillion (in 2018 dollars) in lost earnings over the first 10 years, and ultimately, for every dollar of revenue raised, workers would lose more than 60 cents of earnings;
- The Sanders wealth tax would result in similar impacts, costing workers $1.6 trillion (in 2018 dollars) in lost earnings over the first 10 years, and imposing over 60 percent of the burden of the proposal on workers (see Executive Summary Table); and
- The magnitudes of the results are large despite a conservative approach to the analysis.

PERCENT OF WEALTH TAX PAID BY WORKERS

(% OF TAX REVENUE)



*Long Run indicates the impact after the economy has fully adjusted to the tax.

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Results of modeling by Robert Carroll, James Mackie, and Brandon Pizzola of EY's Quantitative Economics and Statistics (QUEST) Group
Read the research.