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Perceptions of Tax Fairness: An Experiment

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March 27, 2017

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“Do you regard the income tax you will have to pay this year as fair?” Although pollsters have been asking Americans about the fairness of their taxes for more than 70 years,¹ we know surprisingly little about why respondents answer that question the way they do. But it is an important question. If we are to have adequate and reliable resources to pay for public goods, we should know what makes taxpayers willing to pay their share. One important first step is to understand when and why they perceive their taxes as fair.

Working with *Vox*, we tested whether presenting certain kinds of information about the tax code in a quiz changed respondents’ opinions about the fairness of their taxes.

THE EXPERIMENT

Participants

The participants were 7,710 *Vox* readers who, between February 6 and February 13, 2017, voluntarily took a tax policy quiz written by the Tax Policy Center. Participants came from all 50 states but were largely from urban areas, and they were more progressive than the general public. Given the demographics of the *Vox* audience,² the quiz participants were likely also younger and wealthier than the American average. And although *Vox*’s readership is about evenly split between men and women, 76 percent of quiz participants were men.

Experimental Treatment

Participants received four factual questions about taxes and five opinion questions about taxes. At random, some people were asked different factual questions than others. Each participant saw one of the following question sets:

- questions intended to encourage respondents to think that people with higher incomes pay relatively low taxes (about loopholes, for instance)
- questions intended to encourage respondents to think that people with higher incomes pay relatively high taxes (about the percentage of income tax revenue that comes from very high earners, for instance)
- questions intended to encourage respondents to think that people with lower incomes pay relatively low taxes (about refundable tax credits, for instance)

¹ This question has been asked by Gallup since 1943. See “Taxes,” In Depth: Topics A to Z, Gallup, accessed June 26, 2017, <http://www.gallup.com/poll/1714/taxes.aspx>.

² Demographic data on readership made available to our researchers by *Vox*.

- questions intended to encourage respondents to think that people with lower incomes pay relatively high taxes (about grocery taxes, for instance)

Some participants, the control group, were asked the factual questions after the opinion questions. Because the sample of participants differs from the Americans generally, we judge the effect of our experiment by comparing quiz participants to one another.

THE RESULTS

Tax Facts Matter—Especially Tax Facts about Lower-Income people

In the control group, 56 percent of respondents thought that lower-income people pay too much in taxes.³ That number rose more than 11 percentage points among people who answered the four factual questions suggesting that taxes fall heavily on those with lower incomes; 68% of those respondents thought lower-income people are paying too much in taxes. In contrast, among those who answered questions concerning tax breaks for lower-income people, 47 percent thought lower-income people pay too much, a 9 percentage-point decline. The effects were more muted for the questions about the rich.

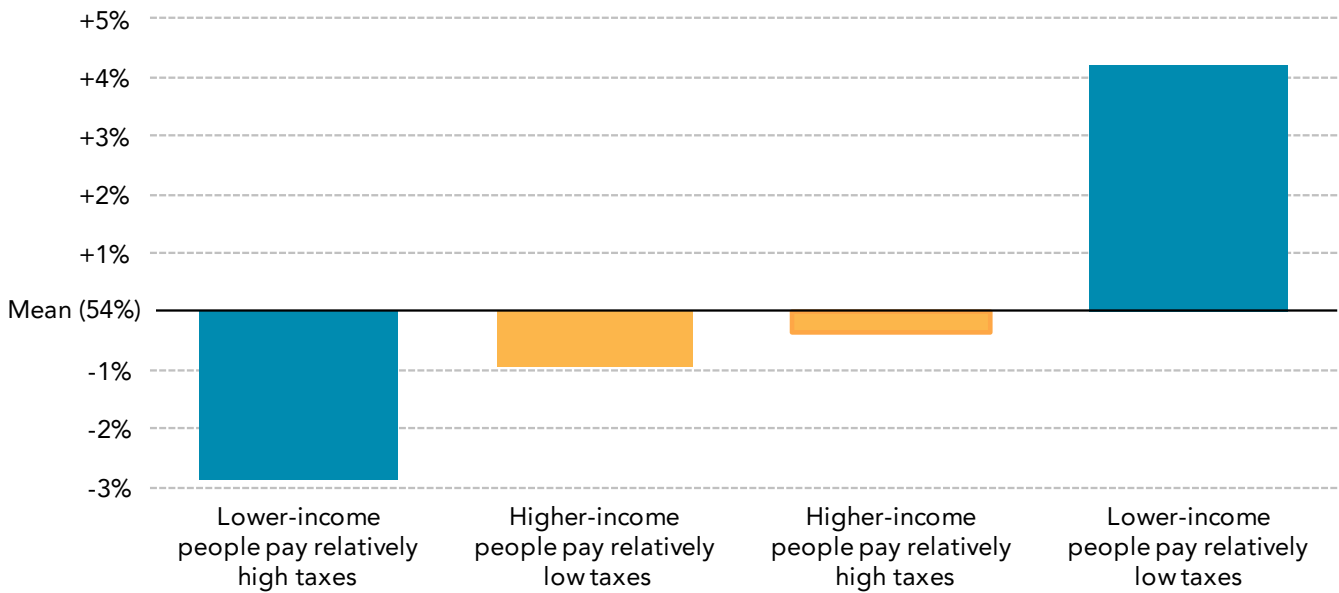
A similar relationship can be seen in participants' attitudes about the fairness of their own taxes. Again, thinking about taxes paid by those with lower incomes changed respondents' minds more than thinking about taxes paid by those with higher incomes. Of those in the four treatment groups, the respondents reporting the highest sense of fairness were those those who answered questions suggesting lower-income people do not pay a lot in taxes: 58 percent of those respondents described their taxes as somewhat or very fair. The group reporting the lowest sense of tax fairness were those who answered questions emphasizing that lower-income people pay a lot in taxes: only 51 percent of these respondents described their taxes as fair.

³ In a nationally representative sample, 46 percent of US adults believe that lower-income people pay too much. See "Taxes," In Depth: Topics A to Z, Gallup, accessed June 26, 2017, <http://www.gallup.com/poll/1714/taxes.aspx>.

Respondents' Perceptions of Fairness of Their Own Taxes



Difference in percentage of respondents choosing "somewhat" or "very" fair, by implication of quiz questions



Source: Author's calculations.

Fairness as a "See-Saw": Questions about Low-Income People Change Attitudes about High-Income People

When a respondent was encouraged to think that lower-income people pay a lot in taxes, he or she concluded that higher-income people should pay more. Eighty-seven percent of people who received questions suggesting that lower-income people pay a lot of taxes thought that higher-income people were paying too little in taxes, compared with 82 percent in the control group. The effect of those questions was at least as large as the effect of questions suggesting that higher-income people pay little tax: 88 percent of people receiving the latter questions said that taxes on higher-income people were too low.⁴

Thus, to strengthen the conviction that higher-income people need to pay more in taxes, emphasizing the amount paid by lower-income people was as influential as emphasizing how the tax code benefits those with higher incomes. It appears that the respondents' views of tax fairness are a bit

⁴ The inverse may also be true. Sixty-two percent of respondents receiving questions suggesting higher-income people pay little taxes said that lower-income people are paying too much, compared with 59 percent in the control group. Unlike the other results reported here, however, this finding does not quite reach traditional levels of statistical significance ($p = 0.06$).

like a see-saw: finding out that one end of the spectrum is high is evidence that the other end is too low.

Ignorance Might Be Bliss

The people who reported the highest sense of fairness about their taxes were in the control group (those who had not yet received any factual questions about the tax code). Sixty-two percent of respondents in the control group thought their taxes were somewhat or very fair, compared with an average of 54 percent across other groups.

Because the quiz was quite difficult, one might think that difference is just an effect of respondents confronting their lack of knowledge about tax policy. But in general, the attitudes of people who responded more accurately did not differ substantially from those of other respondents.

The notable exception was among people who saw the questions suggesting that higher-income people pay low taxes. Respondents who did better on those questions described their own taxes as fair 54 percent of the time compared with only 47 percent of people who saw the same set but performed poorly.

CONCLUSIONS

The strength of these results is especially striking because of the unusual pool of participants. Vox readers are part of the most politically engaged public: people who not only follow the news but are also interested enough in tax policy to voluntarily take a quiz on the subject. Consequently, they are also likely to be more confident of their own knowledge and opinions than the average person, and they are plausibly less likely to be swayed by a few survey questions than are people coming to the topic with much less background information. And yet a few survey questions provoked substantial changes in attitudes.

These results are worthy of additional exploration, and they raise further questions. Do the different effects of questions about lower- and higher-income people change in different demographic groups? Does increasing someone's tax knowledge always depress their perceptions of fairness? In an ideal world, taxpayers are both informed about and accepting of their tax responsibilities. It may be that there is a trade-off between these two goals. Far more research is necessary, however, to assess that possibility.



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