

Some Wealthy Say: Go Ahead, Tax Me More



Mike Lapham

Not all wealthy Americans try to pay as little in taxes as possible.

One group of billionaires and millionaires, including heirs to fortunes in truck manufacturing and paper mills, is pushing for an end to Bush-era tax cuts. In the meantime, it wants the rich to use at least some of their money for the cause.

Ahead of the April 15 deadline for filing income taxes in the U.S., the group on Tuesday is introducing a "Tax Fairness Pledge," through which wealthy individuals pledge to donate some or all of their tax savings to support organizations that lobby for progressive tax reform. An online tax-break calculator allows individuals to plug in their 2009 income and other assets and estimate their individual share of the Bush tax cuts. Already, more than 40 individuals have signed the pledge.

The group's members are among 700 business leaders and individuals in the top 5% of wealth and income who make up the Responsible Wealth Network, a project of nonprofit group United for a Fair Economy. The project has received support from the likes of Vanguard Chairman John Bogle and Richard Rockefeller, chair of the Rockefeller Brothers Fund and great-grandson to John D. Rockefeller.

Worried about a growing government deficit, UFE members are launching a counter-attack to "Tea Party" protests that have emerged in the last couple of years to protest higher taxes and what is viewed as out-of-control government spending.

These progressive millionaires are urging Congress to help preserve a strong estate tax, restore the 39.6% and 36% rates on upper-income taxpayers and end preferential treatment of dividends and capital gains. In essence, they want to pay more taxes.

"The calculator helped me look at my regular pattern of philanthropy and see I wasn't giving enough, I wasn't paying enough in taxes," says Judy Pigott, an author who signed the pledge. Pigott is also daughter of the late Formula One race-car driver Pat Pigott of the Pacific Car and Foundry Co.'s Pigott family.

"If I'm getting the tax dollars back, that means they aren't going toward the things society needs," she says.

UFE was founded in 1997 but the "expiration of the Bush tax cuts and a growing government deficit makes 2010 a key year for us," says Mike Lapham, director of United for a Fair Economy's Responsible Wealth project and an inheritor of family wealth from a paper-mill business in upstate New York.

"There is an assumption that anyone who is wealthy wants lower taxes but not all wealthy believe that way," says Eric Schoenberg, a behavioral economist at Columbia University's Columbia Business School, who researches the psychology of money and who recently signed the pledge. Previously, Schoenberg served as managing director of Broadview International, a boutique investment bank.

"We have a huge budget deficit and it has to be closed somehow. That is why I am holding my hand up to say 'yes, raise my taxes,'" Schoenberg says.

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