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Surge of “Nonpayers” Will Be Part of Bush Tax Legacy

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During 2007, Tax Foundation economists estimate that roughly 46.6 million tax returns faced a zero or negative tax liability. These are the so-called non-payers, people whose exemptions, deductions and credits wiped out any tax that would have been due. As a result, every dollar that was withheld from their paychecks during the year was refunded. In about half the cases, substantial additional money was "refunded" to the tax filer, although that portion is classified as a government expenditure since it is actually welfare spending, not a tax refund.

Almost a third of all tax returns, 32.6 percent of 143 million federal tax returns filed, were nonpaying in 2007, the most recent year for which IRS data is final. The percentage for 2007 is the second highest, a slight tick down from the all-time highest in 2006, when 33.0 percent of tax filers paid nothing.

The percentage of tax returns with no liability was fairly low in the 1960s and again in the early 1980s. A record had been set every year since 2002, as tax cuts throughout the Bush years, especially the refundable child tax credit, pushed low-to-middle income people off the tax rolls.

Federal Individual Income Tax Returns with Zero or Negative Tax Liability			
Year	Number of Returns Filed	Returns with Zero or Negative Tax Liability	Percentage of Returns with Zero or Negative Tax Liability
1950	53,060,098	14,873,416	28.0%
1951	55,447,009	12,798,399	23.1%

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1952	56,528,817	12,652,544	22.4%
1953	57,838,184	12,615,033	21.8%
1954	56,747,008	14,113,948	24.9%
1955	58,250,188	13,561,123	23.3%
1956	59,197,004	12,938,358	21.9%
1957	59,825,121	12,959,806	21.7%
1958	59,085,182	13,433,048	22.7%
1959	60,271,297	12,774,384	21.2%
1960	61,027,931	12,966,946	21.2%
1961	61,499,420	12,916,655	21.0%
1962	62,712,386	12,620,023	20.1%
1963	63,943,236	12,620,015	19.7%
1964	65,375,601	14,069,263	21.5%
1965	67,596,300	13,895,506	20.6%
1966	70,160,425	13,451,349	19.2%
1967	71,651,909	12,978,971	18.1%
1968	73,728,708	12,440,000	16.9%
1969	75,834,388	12,112,994	16.0%
1970	74,279,831	14,962,460	20.1%
1971	74,576,407	14,660,035	19.7%
1972	77,572,720	16,703,713	21.5%
1973	80,692,587	16,425,425	20.4%
1974	83,340,190	16,005,423	19.2%
1975	82,229,332	20,738,595	25.2%
1976	84,670,389	20,249,022	23.9%
1977	86,634,640	22,253,502	25.7%
1978	89,771,551	21,083,246	23.5%
1979	92,964,302	20,999,319	22.6%
1980	93,902,469	19,996,225	21.3%
1981	95,396,123	18,671,399	19.6%
1982	95,337,432	18,302,132	19.2%
1983	96,321,310	18,304,987	19.0%
1984	99,438,708	17,799,199	17.9%
1985	101,660,287	18,813,867	18.5%
1986	103,045,170	19,077,757	18.5%
1987	106,996,270	20,272,474	18.9%
1988	109,708,280	22,572,948	20.6%
1989	112,135,673	22,957,318	20.5%
1990	113,717,138	23,854,704	21.0%
1991	114,730,123	25,996,536	22.7%
1992	113,604,503	26,872,557	23.7%
1993	114,601,819	28,166,452	24.6%
1994	115,943,131	28,323,685	24.4%

1995	118,218,327	28,965,338	24.5%
1996	120,351,208	29,421,858	24.4%
1997	122,421,991	28,950,791	23.6%
1998	124,770,662	31,722,764	25.4%
1999	127,075,145	32,529,065	25.6%
2000	129,373,500	32,555,897	25.2%
2001	130,255,237	35,491,707	27.2%
2002	130,076,443	39,112,547	30.1%
2003	130,423,626	41,501,722	31.8%
2004	132,226,042	43,124,108	32.6%
2005	134,372,678	43,802,114	32.6%
2006	138,394,754	45,681,047	33.0%
2007	143,030,461	46,655,760	32.6%