

Taxes Part of the Turnover of Dollars

Many years ago, I had a young man come to my home to give a bid on building an addition on. It was a pretty substantial addition, almost doubling my floor space. While there, he made a comment about my husband and I being employed by Thiokol, now ATK. His comment went something to the nature of he didn't support war and had no respect for Thiokol as a manufacturer of missiles or of the U.S. Government for spending tax dollars on weapons.

I patiently explained to him a little of what this month's topic is about, which in summation amounted to the fact that the U.S. Government contracted with Thiokol, who hired us, paying the wages that made it possible for us to be able to afford him to add on to our house. And, if he didn't want to support the spending of those tax dollars, he should be willing to forego the personal income that he would derive as a result. Wow, that is a long summation!

We all struggle with being taxed. We are taxed by the

Federal government, the State government, and our local counties and municipalities. We are taxed on property, vehicles, food, clothing, income and just about anything you can think of. These tax dollars are a substantial portion of what makes the economy of the United States healthy. Taxing is just a redistribution of dollars. The tax dollars that are collected are also distributed, distributed for wages and product.



First, just look around. Your wages may not come directly from the government, but how many people you know do receive their paychecks from a federal, state, county or city source. Let's see, we can add up all of the Hill Air Force base employees, both military and civilian, we can add on all the teachers at public schools, UDOT employees, Parks and Recreation, Forest Service, State Office of Rehabilitation, Department of Workforce Services. Well, the list will be

longer than I have room for in this article.

Next look at how many people are employed by subcontractors to the government. ATK has already been mentioned. How about Peterson Incorporated, Parker Aerospace, or Williams International? Jacobsen Construction has been contracted here on campus for the past year constructing a new building.

How many small businesses supply product to the government or government subcontractors? They purchase lumber, office supplies, furniture, equipment, vehicles and more.

Then we go one step future. Almost every dollar of wages that is paid to these employees or every dollar of profit that is earned by these businesses will go back into the economy. My salary comes from both the U.S. Government and the Utah State Government. I take my salary and spend it. I spend it at the grocery store, the gas station, department stores, and restaurants. I

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buy power, and gas utilities. I furnish my home and feed my pets. If I am a typical American, I spend a majority of what I earn.

So every time I spend my dollar at a grocery store, an employee of that store gets paid. The store has also bought milk and eggs and bread and all that other stuff which has paid wages to owners and employees. Each and every one of those individuals will also go out and spend their wages and my dollar goes around and around. I believe an economist would refer to this as a turnover of dollars. A typical turnover may be four to seven times within the community.

And then finally all those expenditures are taxed and the dollar goes back into the system to start over again.

The State of Utah, 2007 Annual Report indicated sources of funding amounting to \$9,874,345,000. This money was appropriated to education, natural resources, human services, transportation and more. Most of us receive the

advantage of these appropriations through schooling, driving and recreation. But even more important, most of us also receive the advantage of these appropriations just through the turnover of dollars. None of us can afford to remodel our house or buy a bouquet of flowers for a loved one if we don't have incomes. Remember that the government is not hoarding our tax dollars, they are spending them.

Whether you are a direct recipient or receive the benefit through this turnover of dollars, please appreciate this wonderful mechanism of democracy that makes our economy so successful.

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