

Resolved: Wealth taxes do more harm than good.



What Are Wealth Taxes?

For this debate, it is important to compare and contrast two types of taxes. The first kind relates to what you do. For example, you are taxed when you receive a paycheck from your employer or when you sell a house. The second kind of tax relates to money you already have—one version of this tax is a wealth tax.

Wealth taxes are specific **taxes on a person's total net assets**. An individual's net worth is their assets minus their liabilities, or the value of everything they own minus all the money they owe.

Recent Proposals



Minnesota and Washington: Both states introduced bills to establish a wealth tax during their 2025-2026 legislative sessions; both bills failed to pass. Washington will vote on whether to repeal a millionaires' income tax this November ([Lathrop, 2026](#); [Moran Wealth Management, 2026](#)).

California's Proposition 40: This year, Californians will be voting on Proposition 40, which would create a 5% tax on household net assets that are worth more than \$1 billion.

Ultra Millionaire Tax: In the past, Senator Elizabeth Warren proposed a tax of 2% on every dollar of a household's net worth over \$50 million and a 3% tax on net worth over \$1 billion.

Key Terms

Asset	Any item or resource of economic value that is owned by a person, company, or government. It can include tangible items, like cash, real estate, or machinery, or intangible items, like patents, trademarks, and copyrights.
Capital	Money or possessions that are used to make more money, such as cash, savings, and investments used to grow a business or tools and equipment used to make other goods.
Capital Gains	Profit made when selling an asset—such as stocks, real estate, cryptocurrency, or valuable personal property. The profit is only realized when the asset is sold and cannot be taxed when its value goes up but is not transferred or sold.
Income Tax	A tax charged by the federal, state, and local governments on the wages, profits, and financial gains earned by individuals and businesses.
Liability	A debt or financial obligation owed from a person or business to another party. All debts are liabilities, as are unpaid bills and taxes.
Net Assets, also known as Net Worth	The total value of a person or entity's assets minus the total value of their liabilities, or the value of everything they own minus all the money they owe.
Progressive Tax	A tax system that places an increasingly higher tax rate on higher levels of earnings or wealth. A tax is progressive tax when the wealthy pay a larger share of total taxes relative to the poor, or when the wealthy pay more in taxes relative to their income or wealth than do the poor.
Quintile	A statistical value representing 20% of a data set. The first quintile represents 0% to 20%, the second quintile 21% to 40%, and so forth.
Wealth Tax	Taxes designed to apply to wealthy individuals or entities or to tax them at higher rates based on the value of accumulated assets or net worth rather than their income. Wealth taxes may apply to all or certain types of assets.

Affirmative

Arguing that wealth taxes do more harm than good

1. Wealth taxes harm the economy and lead to capital flight.

Taxing wealth slows economic growth ([IFO Institute, 2017](#)). If the U.S. taxes wealth, this means there is less money for individuals to invest in new businesses and projects. With less money invested, there is less of a need for new workers as well. Sometimes, this even leads people to take their money and businesses outside the U.S. to avoid high taxes ([Walczak, 2026](#)). Proposition 40 in California is a good example of this. The threat of a wealth tax, even one that has not been voted on yet, has led several billionaires to move to different states ([Hoover Institute, 2026](#)). Wealth taxes were tried and failed in several European countries, including Germany, France, Sweden, Austria, and Finland. These were repealed due to high administrative costs and less money raised than expected.



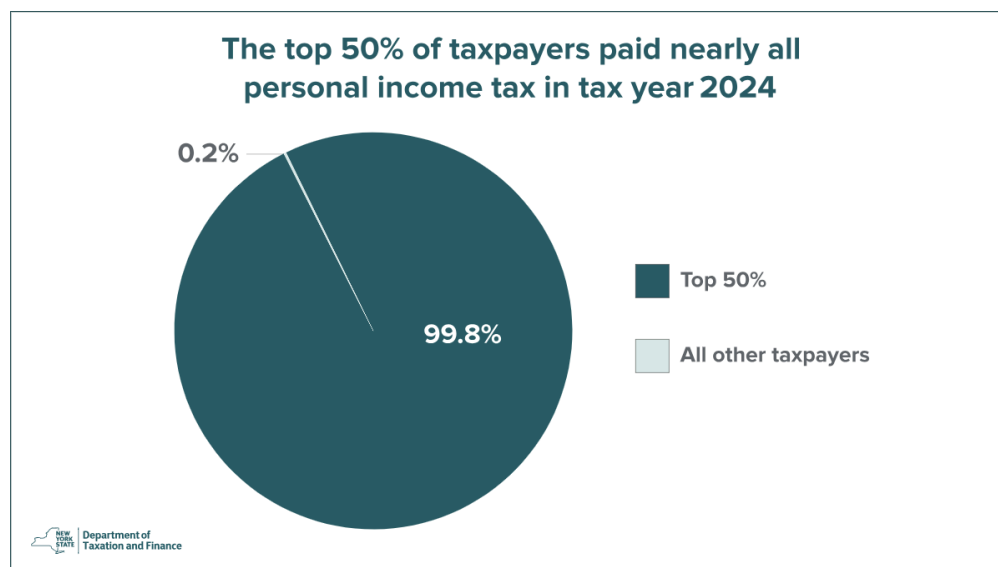
2. Wealth taxes inhibit innovation and entrepreneurship.

As mentioned before, wealth taxes prevent economic growth and innovation by targeting the money that is commonly used to invest in start-ups. Without those new ventures, there will not be as much economic innovation or general

entrepreneurship. Millionaires and billionaires may move to other countries and use their money to invest in ventures there, which means other nations will benefit from this economic growth instead of the U.S. ([Christl, 2025](#)).

3. Economic inequality is overstated and does not justify a wealth tax.

While many state that rising economic inequality is a major issue in the U.S., the sources of such claims are flawed and exaggerated. A common measure of income inequality, the Gini coefficient, shows that inequality has been stable for the past twenty years ([Perry, 2018](#)). Other measures show income before taxes are subtracted and government benefits, like food stamps, housing assistance, and medical care, are added. There is not a real need for wealth redistribution.



4. Wealth tax administration would be arbitrary and capricious.

Evaluating wealth is very complicated, as assets can be anything from a diamond engagement ring to a share in a pension plan. Their values are constantly changing ([Michel and Edwards, 2026](#)). It is unwise to tax something so variable. Assets can easily be hidden, either physically or legally with the help of clever lawyers. It is far simpler to tax something like income, which is more reliably recorded.

“ I want taxes to be less, that the people may have more.

— President Calvin Coolidge, October 23, 1924

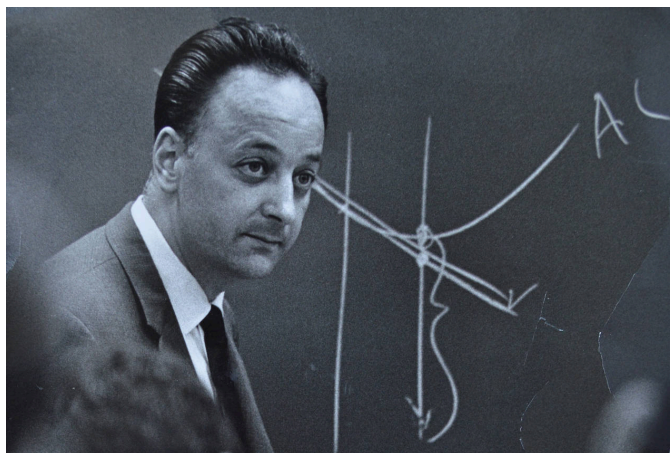
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5. Wealth has already been taxed at the individual and corporate levels. And the wealthy already pay their fair share of taxes.

Since corporations' shareholders' gains are already taxed, an additional individual tax would essentially tax the same dollar of capital twice ([U.S. Department of Treasury, 2003](#); [Tax Foundation, 2021](#)). It can also be argued that the wealthy already pay their fair share. In 2023, the top 1% of earners paid 38% of all federal income taxes, and the bottom one half paid only 3% ([Internal Revenue Service](#)).

6. Wealth taxes represent an immoral and dangerous assault on property rights.

Beyond economic inefficiency, wealth taxes undermine private property rights and individual liberty. As President Calvin Coolidge (1914) said, "[Man] has a right that is founded upon the constitution of the universe to have property that is his own." A wealth tax is an additional tax on assets that citizens have already earned and paid taxes on, treating individual effort as state property. Well-defined property rights allow markets to allocate resources efficiently ([Demsetz, 1967](#)), raise credit, and attract investment by being borrowed against, pledged, improved, and grown (de Soto, 2000).



Harold Demsetz, late professor at the University of California at Los Angeles, published the landmark economics paper, “Toward a Theory of Property Rights” in 1967.

Negative

Arguing that wealth taxes do more good than harm

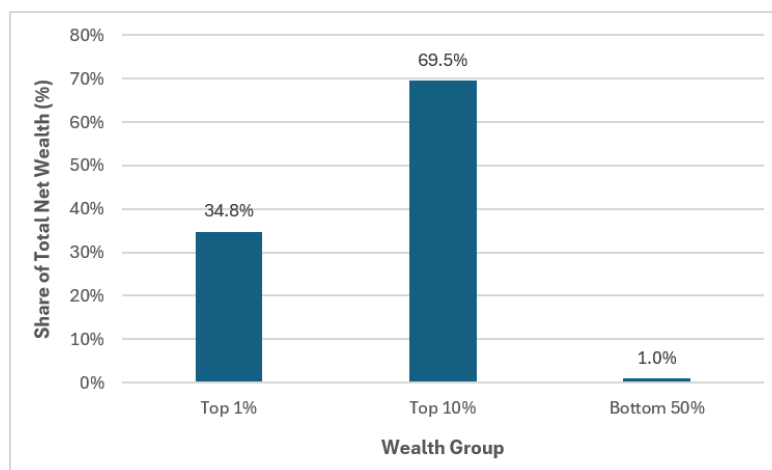
1. A wealth tax is needed to address America's fiscal emergency.

The U.S. national debt is continuing to rise. In August 2026, it topped \$40 trillion ([Horsely, 2026](#)). This is putting pressure on the federal budget as interest payments increase. To put it in perspective, the government spends more on paying interest than it does on national defense ([Congressional Budget Office, 2026](#)).

Wealth taxes can be an effective way to combat the growing national debt. They are especially useful compared to income taxes because there is more total taxable wealth than total taxable income from just one year.

2. Wealth taxes narrow the widening gap of economic inequality.

The most famous proponent of the wealth tax in this century is Thomas Piketty ([VerBruggen, 2025](#)). He believes that the inequality that has been growing since the 1970s will be the end of capitalism if the government does not increase taxes on wealth. Piketty and others point to research that shows that over 38% of wealth in America is held by the top 1%, showing a highly unequal distribution ([World Inequality Database, 2024](#)). A wealth tax could even things out and leave less of a gap between the rich and the poor.



Share of Net Personal Wealth Held By Wealth Group, 2024

3. Wealth taxes would increase funding for programs that aid economic mobility.

A wealth tax is a way to bring stagnant capital back into circulation in a way that benefits everyone. The tax revenue can be used to improve public programs. A recent example of this is Massachusetts' Fair Share Act. This law generated billions of dollars, which were used to improve road conditions and public transit and also helped fund childhood education programs in the state ([Massachusetts Executive Office for Administration and Finance, 2026](#)). It did not lead to capital flight like opponents of the bill argued. Such programs provide opportunities for economic mobility that are especially important for lower-income families.



[Progressive Massachusetts, 2023](#)

4. Wealth taxes mitigate unjust generational wealth transfers.

A wealth tax is needed because assets can be unfairly passed from a hard-working generation to a generation that did not earn it, creating an elite hierarchy in America ([Fize, Grimpel, & Landis, 2022](#)). There are also legal tax loopholes that allow heirs to avoid paying taxes on certain capital gains ([Mitchell, 2024](#)). While wealth creation through innovation is a feature of the free market, allowing enormous fortunes to create unearned economic advantages for generations to come would be a mistake.

5. A wealth tax is needed because extreme wealth concentration translates into outsized political influence, which can undermine democratic equality.

While all Americans should have equal say in how our country is run, extreme wealth gives individuals unfair opportunities to shape political outcomes through campaign donations. Between 2009 and 2020, more than \$3 billion of the \$45 billion given to federal political causes came from only 12 donors ([Beckel, 2021](#)). Once those lawmakers are elected, they are especially sensitive to the concerns of their wealthy supporters, and research has shown that wealthy interest groups indeed have sway over the U.S. political system ([Gilens & Page, 2014](#)).



Joseph Keppler's 1889 Puck cartoon depicts industrial trusts looming over the U.S. Senate, warning that concentrated wealth can translate into political power.

6. Wealth taxes can help address the climate crisis.

A wealth tax is needed because wealthy individuals contribute to larger-than-average carbon footprints due to assets like private jets, yachts, and multiple homes ([Oxfam, 2023](#)). The world's wealthiest 1% are responsible for 15% of total carbon emissions. A wealth tax could decrease the number of carbon-emitting assets ([World Inequality Lab, 2022](#)).

