

## House Democrats Propose Hundreds of Billions in Tax Increases To Finance Government Takeover of Health Care

*Where's the Veto Threat, Mr. President?*

**"I can make a firm pledge. Under my plan, no family making less than \$250,000 a year will see any form of tax increase. Not your income tax, not your payroll tax, not your capital gains taxes, not any of your taxes."**

—President Barack Obama, [Rally](#) in Dover, New Hampshire, September 12, 2008

Health reform legislation released today by House Democrat leaders includes numerous tax increases to finance significant expansions of government-run health care. Tax increases in the House Democrat bill include:

- **Taxes on Individuals Who Cannot Afford Health Insurance:** The bill would impose a 2.5 percent tax—an increase from the initial discussion draft—on all individuals who do not obtain health coverage through their employer or do not purchase “bureaucrat-approved” insurance offered through a government-run Exchange. The bill does not include an exemption for individuals with incomes under \$250,000—raising these individuals’ taxes and thus breaking a central tenet of then-Senator Obama’s campaign platform.
- **Taxes on Jobs:** The bill would impose a tax equal to 8 percent of firms’ total payroll costs if they cannot afford to purchase coverage for their employees—and, beginning in 2018, would also tax businesses whose employees decline employer-provided insurance and instead obtain coverage through the government-run Exchange. According to a model developed by Council of Economic Advisors Chair Christina Romer, the more than \$300 billion in taxes on businesses raised as a result of this employer mandate would destroy 4.7 million jobs.
- **Taxes on Small Business Owners:** The bill would impose new surtaxes on “high earning filers”—increasing tax rates to as much as 45 percent. As [more than half](#) of all individuals in the top tax bracket report significant business income, these tax increases would harm small business owners, potentially resulting in significant job losses.
- **Taxes on Businesses Making Inadvertent Filing Errors:** The bill permits the imposition of excise taxes on businesses who do offer health coverage of up to \$500,000 for inadvertent and unintentional deviations from the bill’s bureaucratic diktats.
- **Taxes on Health Benefits:** The bill would impose a *per capita* tax on all health insurance policies—the first-ever tax on health care benefits—in order to finance a Comparative Effectiveness Research Trust Fund charged with compiling data that federal bureaucrats could use to ration access to health care treatments and services.

At a time when the U.S. economy remains in the midst of a difficult recession, these tax increases will hurt families and businesses alike. Further, raising taxes by trillions of dollars to finance new entitlements will help control neither health care costs nor rapidly rising federal spending and debt.

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### STAFF CONTACT

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