



Written by [Steven J. DuBord](#) on September 4, 2009

Democrats May Fund Health Reform With Taxes

Senate Democrats are once again looking at the option of taxing those with higher incomes to fund healthcare reform, the Wall Street Journal wrote on September 4.

Frustration over the inability to reach a compromise with Republicans has Democrats looking again at President Barack Obama's proposal to cap federal itemized tax deductions for families making over \$250,000 a year. While this was initially avoided because of Republican resistance, aides to senior Senate Democrats are saying it may be back on the table. One aide put it bluntly, "The idea of getting Republicans on board [a healthcare overhaul] is becoming much more fantastical, so some ideas that were jettisoned for that reason are coming back."



Finance Committee Chairman Max Baucus (D-Mont.) was hoping to reach a bipartisan solution that would have taxed expensive health plans provided by employers. But many Democrats see this effort as unlikely to win Republican cooperation, and they are preparing to craft a partisan bill that would meet their own specifications. Regardless of this, a spokeswoman for Baucus said his committee has still not abandoned the goal of a bipartisan bill.

President Obama's original idea was to limit the value of itemized deductions to 28 percent of the total claimed for families in the \$250,000-plus income bracket. Democratic aides are indicating that a bill forged by Democrats alone might allow up to a 35-percent cap. This could bring in about \$100 billion over 10 years.

Critics point out that the Obama administration's tax plan is putting too much of a burden on those with higher incomes. In addition to what is being discussed to finance healthcare reform, there are plans to raise the top income-tax rates for those making \$250,000 per year or more. The rates would rise from 33 percent and 35 percent to 36 percent and 39.6 percent.

Focusing so heavily on those who are wealthy is likely to be opposed by important interest groups, such as charitable organizations, the real-estate industry, and state and local governments. Another factor to consider is that small-business owners are likely to be in this income range. Taking more money out of their pockets will only hurt the economy at a time when things are already difficult. Small-business owners will be less likely to expand, to hire new employees, or to provide the insurance coverage that Obama claims he is seeking for all Americans.

The nation is burdened with trillions of dollars of debt, and the federal government is running deficits exceeding a trillion dollars, yet all the president and these Democrats can think of is how to get more money for big government so it can keep spending like there is no tomorrow. America is in recession,



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hovering on the brink of financial insolvency, and forcing Americans to pay higher taxes is not the answer.

The answer is to limit the size and scope of government to its proper constitutional boundaries. Just as concerned citizens are doing at town hall meetings across the country, Americans must stand up to put government back in its place.



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