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Taxpayer Group Applauds President Bush's Bold Healthcare Proposal

Equalizing of Tax Treatment for Individuals and Businesses is Long Overdue

WASHINGTON – Tomorrow, President Bush is expected to announce a bold new healthcare proposal as part of his State of the Union Address. The new initiative seeks to equalize the tax treatment for individuals who purchase healthcare individually with those who receive healthcare through their employer. Currently individuals who purchase healthcare without their employers must pay payroll taxes on their healthcare purchases while employees face no tax on employer-based healthcare.

The new proposal creates a standard deduction for healthcare, and families with healthcare will pay no income or payroll taxes on their first \$15,000 of income. Individuals will receive a standard deduction of \$7,500. At the same time, health insurance will be considered taxable income when employees receive healthcare from their employers and employees will be given the option to adjust their compensation of benefits with wages.

“President Bush’s proposal to eliminate the discrimination of tax benefits for healthcare is long overdue and exactly what is needed for lower healthcare costs and improve benefits,” said Grover Norquist, president of Americans for Tax Reform. **“Contrary to claims being made by opponents of the President’s plan, this is not a tax increase on American workers. In fact, the members of Congress who complain about this being a tax increase are the same members who voted to deny American taxpayers more than \$2 trillion of tax cuts since 2001 and support a government-run healthcare system which will raise taxes on American workers by trillions of dollars. For them to now claim they are looking out for taxpayers’ interests is just non-sense.”**

“However, President Bush needs to be careful in moving this package through Congress,” continued Norquist. **“The big spenders in Congress are just chomping at the bit to add billions of dollars of new spending while removing key portions of the President’s proposal. And with this new spending comes tax increases. The President needs to make clear he will veto any tax increase that Congress seeks to place on this legislation.”**

ATR is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact John Kartch at (202) 785-0266 or at jkartch@atr.org.

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