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Obama's "Specific" Healthcare Speech: Will He Disavow Pledge-Breaking Tax Hikes in House Dem Bill?

WASHINGTON, D.C.— There are four tax hikes in the House Democrat healthcare bill (H.R. 3200) that violate President Obama's promise not to raise "any form" of taxes on families making less than \$250,000 per year. The White House has told reporters that Obama is going to get specific on healthcare policy in a speech next week, which begs the question:

If Obama is serious about keeping his central campaign promise, will he disavow the four pledge-breaking provisions in the House Democrat healthcare bill? They are as follows:

Restrictions on tax-deductible purchases of over-the-counter medicines with health spending accounts like FSAs and HSAs. This isn't in the original H.R. 3200, but it did make it into Charlie Rangel's "Chairman's Mark." The description can be found at www.jct.gov, and it's document JCX-32-09. The 8 million Americans who have a health savings account (HSA) and 30 million Americans who have a health flexible spending account (FSA) will no longer be able to buy over-the-counter medicines (aspirin, etc.) on a pre-tax basis. Contrary to the Obama rhetoric, this would change the plan people currently have, and raises their taxes in the process. This affects anyone with these types of accounts, not just those making more than \$250,000 per year.

Tax on Individuals Not Enrolled in Health Insurance (Page 167): Those who don't enroll in a health insurance plan will have to pay a new tax equal to 2.5% of income. If they earn \$40,000 a year and don't have health insurance, they will have to pay tax of \$1000. Notice how this tax affects all individuals, not just those making more than \$250,000 per year.

Tax on Businesses Not Offering Health Insurance (Page 183): If a business has a payroll of at least \$500,000 and does not offer health insurance, it will be compelled to pay a new payroll tax of 8 percent. It doesn't matter if the business is profitable or running a loss. Small businesses pay taxes on their owners' 1040s. This will affect thousands of small businesses with profits of less than \$250,000 per year.

IRS Can Disallow Perfectly Legal Tax Deductions They Just Don't Like (Page 207): If a taxpayer (including one making less than \$250,000 per year) uses a perfectly-legal tax deduction the IRS doesn't like, the IRS will be empowered to simply disallow it. The only reason the IRS has to give is that the tax break lacks "economic substance"—that is, the taxpayer is not taking the deduction for "substantial" or "business" reasons. For those wanting to engage in a legal activity to cut their tax bill, the IRS wins no matter what.