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Senate Democrats Face Moment of Truth on Obama Tax Pledge

WASHINGTON, D.C.— The Senate will vote Tuesday on an amendment which would send the healthcare bill back to the Finance Committee to strip out its numerous tax hikes on families making less than \$250,000 per year. The vote sets up a showdown for Senate Democrats as President Barack Obama has made a “[firm pledge](#)” not to raise “[any form](#)” of taxes on these families. The amendment was offered by Sen. Mike Crapo (R-Idaho).

“A vote in favor of this amendment would allow Obama to keep his tax pledge. Any Senator who votes against this amendment believes that Obama knowingly lied his way into office,” said Grover Norquist, president of Americans for Tax Reform (ATR).

Obama’s promise remains for all to see at the [Change.gov website](#): “no family making less than \$250,000 will see their taxes increase.”

But the Senate healthcare bill is loaded with taxes that would break Obama’s pledge if signed into law:

Health Insurance Mandate Taxes on Working Families

Individual Mandate Tax (*Page 324/Sec. 1501/\$8 bil*): Starting in 2014, anyone not buying “qualifying” health insurance must pay an income surtax according to the following schedule (capped at 8 percent of income):

	Single	Single +1	Single +2<
2014	\$95	\$190	\$285
2015	\$350	\$700	\$1050
2016 etc.	\$750	\$1500	\$2250

Exemptions for religious objectors, undocumented immigrants, prisoners, those earning less than the poverty line, members of Indian tribes, and hardship cases (determined by HHS).

Employer Mandate Tax (*Page 348/Sec. 1513/\$28 bil*): If an employer does not offer health coverage, and at least one employee qualifies for a health tax credit, the employer must pay an additional non-deductible tax of \$750 for all full-time employees. Applies to all employers with 50 or more employees.

If the employer requires a waiting period to enroll in coverage of 30-60 days, there is a \$400 tax per employee (\$600 if the period is 60 days or longer).

Small business owners pay their taxes on their owners' personal tax returns. Since this provision does not exempt business owners making less than \$250,000 per year, this employer mandate tax will violate President Obama's promise in some cases.

Tax Hikes on Healthcare Spending Accounts

Medicine Cabinet Tax (Page 1997/Sec. 9003/\$5 bil): No longer allowable to use health savings account (HSA), flexible spending account (FSA), or health reimbursement (HRA) pre-tax dollars to purchase non-prescription, over-the-counter medicines (except insulin)

HSA Withdrawal Tax Hike (Page 1998/Sec. 9004/\$1.3 bil): Increases additional tax on non-medical early withdrawals from an HSA from 10 to 20 percent, disadvantaging them relative to IRAs and other tax-advantaged accounts, which remain at 10 percent.

FSA Cap (Page 1999/Sec. 9005/\$14.6 bil): Imposes cap on FSAs of \$2500 (now unlimited).

Tax Hikes on Medical Spending for Those Making Less Than \$250,000

Raise "Haircut" for Medical Itemized Deduction from 7.5% to 10% of AGI (Page 2034/Sec. 9013/\$15.2 bil): Waived for 65+ taxpayers in 2013-2016 only

Tax on Cosmetic Medical Procedures (Page 2045/Sec. 9017/\$5.8 bil): New 5% excise tax on elective cosmetic surgery to be paid by the surgery patient

****ATR will key vote in favor of cloture on the Crapo Amendment****

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

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