



47 Conservative Groups and Activists: The Senate Should Repeal All Obamacare Taxes

June 13, 2017

The Honorable Orrin G. Hatch
Chairman, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch:

As the Senate continues to make progress on legislation to repeal and replace Obamacare, we urge you and your colleagues to include repeal of the nearly 20 taxes imposed by the law.

During a February 1 speech at the Chamber of Commerce, you declared, "All of the ObamaCare taxes need to go as part of the repeal process."

We agree.

Recent media reports suggest that the Senate may be wavering on repeal of these taxes. This would be a mistake. The final Senate repeal package should retain the broad tax relief that was included in the House passed American Health Care Act.

The roughly one trillion dollars in new or higher taxes imposed by Obamacare directly hit middle class families and small businesses, raise the cost of healthcare, and reduce access to care.

Obamacare taxes directly suppress economic growth. The best example of this is the 3.8 percent so-called Net Investment Income Investment Tax (NIIT) on capital gains and dividends. Historically, capital gains taxes have a significant negative impact on capital formation, productivity, and economic growth while raising little or even negative revenue.

Repealing the 3.8 percent NIIT would return the capital gains tax rate to 20 percent, the rate agreed to by President Clinton and a Republican Congress in 1997.

A related tax hike is the 0.9 percent Medicare surtax on wages and self-employment income, the repeal of which was unfortunately delayed six years by an amendment in the House. It should be repealed as expeditiously as possible.

Other Obamacare taxes directly impact the ability of Americans to meet healthcare costs, such as the income tax hike on families with high medical bills. Around 10 million families pay \$200 to \$400 in higher income taxes each year because Obamacare increases the threshold at which families can deduct medical expenses paid out of pocket.



Obamacare also makes it harder for individuals to save for their own healthcare choices. Roughly 20 million Americans use tax-advantaged Health Savings Accounts (HSAs) to save for healthcare costs. Another 30 million use Flexible Spending Accounts. There are multiple taxes that restrict the ability of families to use these savings accounts, which limits the choice of consumers.

Other taxes hit certain healthcare industries, such as insurance providers, medical device and prescription drug manufacturers. Inevitably, these taxes are passed onto American families in the form of increased costs.

Finally, the tax associated with the employer mandate has limited millions of Americans to part-time work and the tax penalty associated with the individual mandate hit eight million Americans in 2014, with a family of four facing an income tax hike exceeding \$2,000.

True repeal of Obamacare means repealing the Obamacare taxes and the Senate should resist the urge to deprive taxpayers of relief in order to pay for higher spending.

We commend you on your stance to repeal these Obamacare taxes and urge any final package accelerate or at least maintain the House-passed tax reductions.

Sincerely,

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Cc: United States Senators

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