

## House Progressives Unveil Massive Multi-Trillion-Dollar Tax Hike—Here’s How It’ll Impact You

*You’ll feel it in your wallet if these plans come to fruition, regardless of which tax bracket you fall in.*

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This morning, Rand Paul tweeted, “If you think you’ve got a case of the Mondays now, wait til you see how much the Democrats are trying to raise your taxes.” The senator is right that taxpayers are in for a rude start to the week—because progressives in Congress are coming for their wallets. The House Ways and Means Committee, led by Rep. Richard Neal, just unveiled a multi-trillion-dollar tax hike proposal.

The efforts come amid a push from left-leaning legislators to spend trillions of dollars in a record-breaking expansion of the welfare state. The latest proposal focuses on how to “pay for” the \$3.5 trillion spending schemes with new tax increases and changes. It proposes raising the corporate tax rate from 21 percent to 26.5 percent and increasing the top income tax rate from 37 percent to 39.7 percent. The plan also adds a 3 percent tax surcharge on those making \$5 million or more.

So, too, it would change the estate tax—critically dubbed the “death tax”—so that it applies to more people’s estates. The legislators also want to raise the capital gains tax rate—a tax levied on the growth in investment value when that investment (like a stock) is sold. The capital gains tax rate would rise from 20 percent to 25 percent.

These are just the highlights among the many tax increases and changes included in the sweeping proposal. Now, I know what you might be thinking: *Corporate tax, capital gains, high income, estate tax... how does any of that affect me? Don’t those all just impact Big Business and rich people?*

This impulse is understandable but misguided. While the government may formally levy many of these taxes on businesses or the wealthy, the ultimate economic impact of the tax hikes will be borne by everyone.

It’s a mistake to think about who the tax is formally levied against on paper, when what really matters is who actually ends up bearing the cost. For example, a sales tax is often technically levied on the store, but in reality, customers pay for it via higher prices every time they make a purchase. In a similar way, corporate tax hikes ultimately lead to lower wages for workers and higher prices for consumers.

And while increasing the capital gains tax seems like it would only hurt Wall Street, the truth is more complicated. As Cato Institute economist Chris Edwards previously told FEE, it would

reduce the financial capital available for countless small businesses and start-ups, resulting in fewer opportunities for entrepreneurs and fewer options for consumers.

“Taxing the rich” and “taxing Big Business” might make for good sloganeering. But political rhetoric and economic reality are two different things. Almost all of the various proposed tax increases would, in one way or another, have adverse economic consequences that would ultimately fall on all of us to varying degrees.

Yes, the progressives in Congress pushing these plans for multi-trillion-dollar tax hikes claim that average Americans won’t be negatively impacted. But make no mistake: You’ll feel it in your wallet if these plans come to fruition—regardless of which tax bracket you fall in.