

## **Biden unveils \$5.8 trillion budget proposal with increased taxes on businesses, wealthy individuals**

By Casey Harper

March 29, 2022

(The Center Square) – President Joe Biden unveiled a new 2023 budget proposal Monday along with major tax increases to help pay for it.

Biden’s budget, which comes in at about \$5.8 trillion, is not expected to become law, but presidential budgets help set the legislative priorities for the year to come.

“Budgets are statements of values, and the budget I am releasing today sends a clear message that we value fiscal responsibility, safety and security at home and around the world, and the investments needed to continue our equitable growth and build a better America,” Biden said in a statement.

To help pay for his plan, Biden proposed raising the corporate tax rate from 21% to 28%, claiming it will reduce the deficit by a trillion dollars over 10 years.

“My budget will continue that progress, further reducing the deficit by continuing to support the economic growth that has increased revenues and ensuring that billionaires and large corporations pay their fair share,” Biden said.

Biden also proposed a 20% income tax for households worth over \$100 million and on the top 0.01% of earners, in large part by taxing unrealized capital gains. An example would be taxing the appreciation of stock even before that stock is sold.

“Let’s say a high-tech entrepreneur earns \$100 million and currently pays \$20 million in federal income tax, or 20 percent,” said Chris Edwards, a tax expert at the Cato Institute. “And let’s say her wealth is \$2 billion and rises \$200 million this year as she grows her company. Apparently, the Biden theory is that her ‘income’ is really \$300 million, and she should pay \$60 million in annual tax – triple what she currently pays.”

Critics blasted Biden’s tax plan.

“The Biden tax plan is crackers,” Edwards said. “Unrealized gain is not income. It represents the expectation of future income, which should be taxed in the future under a well-designed tax

system. Often, expected future income doesn't materialize and asset values drop. The stock market is down five percent this year, so our entrepreneur may have negative 'income' of \$100 million."

Biden pointed to the Russian invasion of Ukraine for his increased spending proposal, saying more funds are needed for the military and to help Ukraine fend off its attacker.

"I'm calling for one of the largest investments in our national security in history, with the funds needed to ensure that our military remains the best-prepared, best-trained, best-equipped military in the world," Biden said. "In addition, I'm calling for continued investment to forcefully respond to [Russia President Vladimir] Putin's aggression against Ukraine with US support for Ukraine's economic, humanitarian, and security needs."

But Biden also is seeking billions of dollars in increased spending on other initiatives, including climate, clean energy and other environmental programs,

The White House emphasized "pandemic preparedness" and "biodefense" in its budget. This included "infrastructure" to produce early warnings of future pandemics and faster responses.

"These investments will build on and accelerate innovations to prepare for future COVID-19 variants, and ensure the capabilities we are building to combat COVID-19 are sustained for future pandemics," the White House said in a statement. "Acknowledging the possibility that future COVID-19 variants could have severe consequences for U.S. health and livelihoods, the White House Office of Science and Technology Policy, HHS, and the White House COVID-19 team launched the Pandemic Innovation Task Force, which assembled science and technology leaders across the executive branch to accelerate pandemic innovations with the potential to have a major impact on our ability to respond to the COVID-19 pandemic and future biological threats."