

THE MORAL LIBERAL

More Taxes than Meets the Eye in Obama's Budget

NICOLE KAEDING, CATO INSTITUTE

Yesterday's budget from President Obama claimed to raise taxes by \$650 billion in addition to the \$650 billion in tax hikes from January 2013. However, careful analysis shows that the president wants much more money from American's pocketbook. The exact amount isn't entirely clear due to the games the Office of Management and Budget is playing with its various tables, but if the president had his way, more than \$1 trillion in tax hikes would be coming.

Here is just a sample of the tax hikes the president proposes:

- “Buffet Tax” (\$53 billion): President Obama resurrected this tax that would require high-income individuals to pay at least 30% of their income in taxes.
- Limiting tax deduction (\$598 billion): President Obama would also limit the value of itemized deductions for high-income earners.
- Changes to the “Death Tax” (\$131 billion): The president suggests going back to the estate tax rules of 2009 which would increase the marginal tax rate on estates and lower the exemption, subjecting more assets to taxation.
- Changes to oil and gas taxation (\$44 billion): Frequently criticized by the president, these tax provisions are not subsidies to oil and gas companies, but instead ameliorate the tax code's improper treatment of capital expenditures.
- Changes to international taxation (\$276 billion): Instead of moving the United States to a territorial tax system like the rest of the industrialized world, the president proposes further raising taxes on corporations with overseas earnings.
- Cap on 401(k)/IRA Contributions (\$28 billion): This provision would prohibit individuals from contributing to retirement accounts if the balance is greater than \$3 million.
- Increase in tobacco taxes (\$78 billion): To pay for his universal pre-k proposal, President Obama would increase the tobacco tax from \$1.10/pack to \$1.95/pack.

Like so many other sections of the budget, the president is trotting out old, tired, blame-the-rich rhetoric instead of tackling the country's real problems.

Nicole Kaeding is a budget analyst for the Cato Institute focused on federal and state spending policy. Previously, she was the state policy manager for Americans for Prosperity Foundation, where she oversaw the organization's activities in 34 states. Before that, Nicole was a manager and bank officer at Fifth Third Bancorp for six years and a financial advisor at American Express. She graduated from Miami University with bachelors degrees in finance and political science and holds a masters degree in economics from DePaul University.