

## U.S. Senate proposal avoids healthcare taxes for union workers

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In a move designed to placate concerns among Democrats in U.S. manufacturing states, Senate Finance Committee Chairman Max Baucus is promoting a proposal that excludes taxes on healthcare benefits for individual workers based solely on the companies that those individuals work for and the positions they hold within those companies.

Senator Baucus has been the lead champion on the issue of taxing healthcare benefits to offset the costs of the healthcare reform proposals currently circulating among legislators. President Obama and fellow Democratic lawmakers have run into resistance from Rustbelt Democrats on the question of taxing healthcare benefits for unionized workers.

The proposal from Senator Baucus - which would exempt 12.4 percent of the American workforce - is in answer to that resistance.

"I can't think of any other aspect of the individual income tax that treats benefits of different people differently because of who they work for," Chris Edwards, director of tax policy studies at the Cato Institute, [told Bloomberg](#).

The Baucus proposal seeks to tax all Americans that have healthcare benefits that are more expensive than those offered to federal government employees. His proposal would affect 40 percent of all American workers. Unionized workers typically have very generous health benefits - well above those provided to federal employees.

Senate Democrats are working to figure out how to fund their healthcare reform proposals. The Congressional Budget Office places the cost of healthcare reform at \$1.6 trillion - a number that cannot currently be absorbed in the equations put forward by Senator Baucus and others.



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The Capitol Building in  
Washington

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