



# Tax increases on the horizon for some Americans

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Jim Angle | Fox59.com  
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(2:10)

WASHINGTON, D.C. - President Barack Obama's counting on a doubling of federal revenues in the next decade. So the search for cash is on with the first effort coming at the end of this year when the president will let part of the bush tax cuts expire, but reinstate others

President Obama intends to raise the tax rates for singles making more than \$200,000 a year and couples making more than \$250,000, which will bring in \$826 billion more over the next ten years. But critics warn tax increases can be counterproductive, especially those the president wants on investment income because that can slow down economic growth:

"The only way the government's revenues can go up in real terms is if the economy grows. The tax base grows there's more people working, there's more profits to business, there's larger payrolls to be taxed," argued Alan Reynolds of the Cato Institute.

President Obama plans on pushing the capital gains tax rate from 15 to 20 percent and health care reform adds on top of that a new 3.8 percent Medicare surtax on all investment income, including dividends.

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Jimmy Carter, Ronald Reagan, Bill Clinton and George W. Bush all lowered taxes on investment gains, which paid dividends to the government as well as investors:

"First of all, every single time we've cut capital gains taxes, the revenue from capital gains taxes has gone up, not down," explained Richard Vigilante, author of the book Panic. "Because you get more investment, stock prices go up, bond prices go up, and as those things go up, the government collects more capital gains tax revenue."

But those who favor tax increases on the wealthy say tax cuts for those with lower incomes help the economy more:

"When you give a tax cut to someone who lives paycheck to paycheck they spend most of it," explained Robert

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Greenstein from the Center on Budget & Policy Priorities. "But when you give a tax cut to somebody who has extremely high income, who already has more income than they can spend, then most of the tax cut is saved."

Critics respond by saying the rich don't just leave their money lying around, they put it to good use:

"So it's not like they go home to their big mansion every day, look at their pile of money on the floor and say 'hey let's count it again just for fun.' they don't do that. They invest it," argued Professor David Rehr of George Washington University.

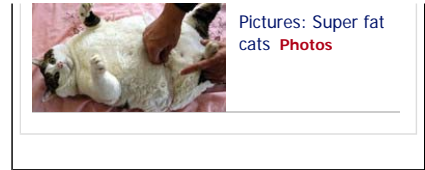
But proponents say the increase in taxes from 15 to 24 percent is not that much.

"The top marginal rate on capital gains is at the lowest point it's been since 1933," said Michael Linden of the Center for American Progress.

A new Rasmussen poll shows two-thirds of Americans believe they're overtaxed. But only eight-percent think they'll see tax cuts during President Obama's administration.

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