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## The Wealthy to Pay More Taxes?

Warren Buffet said his secretary pays a higher rate of income tax than him. If that is true for Buffet, it certainly is not true for most millionaires in the country. National statistics show generally millionaires pay taxes at a much higher rate than middle-class families. Data compiled by the nonpartisan Tax Policy Center show households that earn more than \$1 million pay taxes of about 29.1% of their income on average. On the other hand, households making between \$50,000 and \$75,000 pay about 15%.

In response to Buffet's remarks, President Obama is implementing the so-called 'Buffet Rule', a provision in his budget deficit cutting program that is designed to ensure people making more than \$1 million a year pay taxes at a higher rate than the middle class. In figures that contrast that of the Tax Policy Center, Senate Democrat Leader Harry Reid's office records state that 22,000 people who make over \$1 million a year pay taxes at a rate of less than 15%. And according to the IRS, nearly 1,500 households out of about 236,000 reporting more than \$1 million in income paid no federal income taxes in 2009. But most of the rest of the households pay taxes at a higher rate.

For those wealthy Americans paying taxes at a seemingly low rate, it could be because they earn income overseas or because a large part of annual income is from investments. Though corporate profits are taxed at 35%, in the form of capital gains and dividends they are taxed at 15%.

President Obama's program to reduce the budget deficit aims to raise taxes, mostly on high-income households, by \$1.5 trillion over the next decade. About half of this amount comes when the Bush-era tax cuts expire for households making more than

\$250,000. Other changes would remove tax breaks for oil and gas companies and other benefits.

But some lawmakers were cool towards the President's proposed plan. Republican Indiana Gov. Mitch Daniels told Fox News the president's proposal appeared to be "purposely divisive." Louisiana Republican Gov. Bobby Jindal said the problem is spending and described the president's proposal as not serious.

The President's bill was proposed to a bipartisan 'super committee' tasked with finding ways to reduce the national deficit by at least \$1.2 trillion by Thanksgiving. The proposal includes \$580 billion in cuts to entitlement and other federal programs, including to Medicare and Medicaid. According to the proposal, \$1.1 trillion will be saved from winding down the wars in Iraq and Afghanistan. If this amount is taken into consideration along with interest savings and the cuts Congress enacted in August, the president's plan will be worth than \$4 trillion over the next decade.

Generally, most GOP lawmakers deride the President's program claiming it is divisive and unworkable, while some Democrats praised the program that requires the wealthy to pay more taxes while protecting Medicare seniors and other entitlement program beneficiaries from more severe cutbacks.