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## Senate Health Bill Now Contains Seven Tax Hikes on Families Making Less than \$250,000

*If signed into law, bill would shatter Obama's "firm pledge" not to raise "any form" of taxes on these families*

**WASHINGTON, D.C.**— With the release of Sen. Harry Reid's Manager's Amendment, the Senate healthcare bill now contains seven tax hikes on families making less than \$250,000 per year.

Each of the seven tax hikes are in violation of President Obama's "[firm pledge](#)" not to raise "[any form](#)" of taxes on these families. Obama's promise remains for all to see at the [Change.gov website](#): "no family making less than \$250,000 will see their taxes increase." White House spokesman Robert Gibbs has confirmed that there are "[no caveats](#)" to Obama's promise.

Listed below are the seven Obama-pledge-breaking tax hikes (Page numbers reference original Reid-Obama bill unless noted):

**Individual Mandate Tax** (*Page 324/Sec. 1501/\$15 bil/Jan 2014*): Starting in 2014, anyone not buying "qualifying" health insurance must pay an income surtax according to the higher of the following (page 71 of manager's amendment updates Reid bill):

	<i>Single</i>	<i>2 Persons</i>	<i>3+ Persons</i>
<b>2014</b>	\$495/0.5% AGI	\$990/0.5% AGI	\$1485/0.5%/AGI
<b>2015</b>	\$495/1.0% AGI	\$990/1.0% AGI	\$1485/1.0%/AGI
<b>2016</b>	\$495/2.0% AGI	\$990/2.0% AGI	\$1485/2.0%/AGI

Exemptions for religious objectors, undocumented immigrants, prisoners, those earning less than the poverty line, members of Indian tribes, and hardship cases (determined by HHS).

**Employer Mandate Tax** (*Page 348/Sec. 1513/\$28 bil*): If an employer does not offer health coverage, and at least one employee qualifies for a health tax credit, the employer must pay an additional non-deductible tax of \$750 for all full-time employees. Applies to all employers with 50 or more employees.

If the employer requires a waiting period to enroll in coverage of 30-60 days, there is a \$400 tax per employee (\$600 if the period is 60 days or longer).

*Small business owners pay their taxes on their owners' personal tax returns. Since this provision does not exempt business owners making less than \$250,000 per year, this employer mandate tax will violate President Obama's promise in some cases.*

#### Tax Hikes on Healthcare Spending Accounts

**Medicine Cabinet Tax** (Page 1997/Sec. 9003/\$5 bil): No longer allowable to use health savings account (HSA), flexible spending account (FSA), or health reimbursement (HRA) pre-tax dollars to purchase non-prescription, over-the-counter medicines (except insulin)

**HSA Withdrawal Tax Hike** (Page 1998/Sec. 9004/\$1.3 bil): Increases additional tax on non-medical early withdrawals from an HSA from 10 to 20 percent, disadvantaging them relative to IRAs and other tax-advantaged accounts, which remain at 10 percent.

**FSA Cap** (Page 1999/Sec. 9005/\$14.6 bil): Imposes cap on FSAs of \$2500 (now unlimited). Indexed to inflation after 2011 (added on page 363 of manager's amendment).

#### Tax Hikes on Medical Spending for Those Making Less Than \$250,000

**Raise "Haircut" for Medical Itemized Deduction from 7.5% to 10% of AGI** (Page 2034/Sec. 9013/\$15.2 bil): Waived for 65+ taxpayers in 2013-2016 only

**Tax on Indoor Tanning Services** (Page 373 of Manager's amendment/\$2.7 billion/July 1, 2010): New 10% excise tax on indoor tanning salons

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at [jkartch@atr.org](mailto:jkartch@atr.org).*

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