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Biden confirms tax increases will be in White House budget proposal

During a speech ostensibly focused on White House efforts to deliver Americans affordable health care, President Biden this week confirmed that tax increases will be included in the administration's fiscal year 2024 budget proposal which is set to be released on March 9.

Biden's address, delivered February 28 in Virginia Beach, Va., also served as a high-level rebuke of tax and spending policies being advanced by congressional Republicans, as well as the GOP's position on the statutory debt limit—which will have to be raised or suspended sometime this summer or fall—heading into what will likely be a period of escalated fiscal negotiations after the White House's budget blueprint is sent to Capitol Hill.
URL: https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/02/28/remarks-by-president-biden-on-protecting-americans-access-to-affordable-healthcare/

'I'm going to raise some taxes'

Biden vowed that his budget package would "lay down in detail every single thing, every tax that's out there" that he intends to propose and called on Republicans to "do the same thing [and] lay their proposal on the table."

Once both sides have made their positions clear, "we can sit down, and we can agree, disagree. We can fight it out," he said.

High-wealth tax increases: Although he did not go into detail, the president hinted that high net worth taxpayers would be among those facing tax hikes under his forthcoming plan.

"I want to make it clear I'm going to raise some taxes. Many of you are billionaires out there," Biden said to laughter and applause. "The idea that [billionaires] pay at a rate that is lower than the rate of a police officer, a schoolteacher, [or] a nurse is bizarre."

The president's budget plan for fiscal year 2023 included a number of revenue proposals targeted at the wealthy, including calls for imposing a 20 percent minimum tax on the total income, generally inclusive of unrealized capital gains, of taxpayers with wealth in excess of $100 million, and for taxing long-term capital gains and qualified dividends at ordinary rates for taxpayers with taxable income over more than $1 million. (For prior coverage of the administration's FY 2023 budget, see *Tax News & Views*, Vol. 23, No. 12, Mar. 29, 2022.)
URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/TNV/220329_1.html

Repeating a mantra that dates back to his 2020 presidential campaign, Biden told the Virginia Beach audience that less affluent taxpayers will not face additional tax burdens under his budget plan.

"[N]o one . . . making less than $400,000 is going to pay a penny more in taxes," he said.

Corporate tax increases: Biden also discussed the importance of corporations paying "their fair share" of the tax burden and specifically touted the 15 percent minimum tax on applicable financial statement income that was signed into law as part of the Inflation Reduction Act of 2022 (P.L. 117-169) last August. (Although he did not elaborate on specific proposals for corporate tax increases in his remarks this week, Biden indicated in his State of the Union message last month that his budget would call for increasing the excise tax rate on corporate stock buybacks—another provision enacted in the Inflation Reduction Act—to 4 percent from its current rate of 1 percent. For prior coverage, see *Tax News & Views*, Vol. 24, No. 5, Feb. 10, 2023.)
URL: https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf
URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230210_1.html

GOP policies would 'explode the deficit' Biden says

Biden signaled this week that his budget plan would reduce budget deficits, on net, by more than $2 trillion over the next 10 years. A recently released report from the nonpartisan Congressional Budget Office (CBO) predicts that cumulative deficits over the next decade will total more than $20 trillion. (For prior coverage, see *Tax News & Views*, Vol. 24, No. 6, Feb. 17, 2023.)
URL: https://www.cbo.gov/publication/58946
URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230217_1.html

Drawing a sharp contrast with GOP lawmakers in Congress, Biden suggested that many fiscal policies favored by Republicans would actually increase the deficit, and he implored them to lay out in more detail what other changes they would make to reduce the government's red ink.

"Here's what they want to do," Biden said. "They want to cut taxes for the very wealthy, again. They want to cut taxes for large corporations. They want to take back the power we just gave Medicare [under the Inflation Reduction Act of 2022] . . . to negotiate [prescription drug prices]."

"And if they say they want to cut the deficit but their plans actually would explode the deficit, how are they going to make the numbers add up?" Biden asked. "What are they going to cut? That's the big question."

White House seeks separate tracks for debt limit and deficit reduction

Maintaining the stance the White House has consistently taken in recent weeks, Biden also argued that while he is open to seeking common ground with Republicans on ways to cut the deficit, those talks should proceed independently and not be used as leverage in the debate over the federal debt limit, which will need to be raised in the coming months. Current estimates from the CBO and Treasury Department suggest that Treasury's so-called "extraordinary measures" to cover the nation's debts will expire sometime between June and September of this year, at which time the government would be at risk of defaulting on its obligations.
URL: https://www.cbo.gov/publication/58906

Biden said he made his position clear during a face-to-face conversation he had with House Speaker Kevin McCarthy, R-Calif., at the White House on February 1.

"Here's . . . what I said to him, actually: Instead of making threats about default, which could be catastrophic even if it doesn't happen, because the markets around the world [would] begin to hedge against it . . . , let's take that off the table," the president said. "And let's . . . have a [separate] conversation about how we're going to grow the economy, lower the costs, and reduce the deficit, each of us."

Whether congressional Republicans ultimately will be amenable to that approach remains uncertain. In an op-ed published by CNBC on March 1, House Ways and Means Committee Chairman Jason Smith, R-Mo., insisted that discussions about the debt limit and deficit reduction must be linked.
URL: https://waysandmeans.house.gov/chairman-smith-op-ed-to-solve-the-debt-ceiling-president-biden-should-look-at-his-own-voting-record/

"[L]ifting the debt ceiling to avoid default must be paired with cuts to Washington spending to help tame today's inflation crisis and strengthen America's long-term economic and fiscal health," Smith wrote. "Simply raising our credit limit without examining ways to reduce inflationary deficit spending means we are just scheduling America's next debt crisis."

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