 Republicans Block Buffett Fair Share Tax Rule

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It pays to have friends in high places, especially at tax time. It paid well today for the wealthy when their close Republican U.S. Senate friends blocked action on the “Buffett Rule.” The simple piece of tax legislation would require millionaires and billionaires to pay at the same tax rate most of us do.

The bill, known as the “Paying a Fair Share Act” (S.2230) failed (51-45) to get the 60 votes needed for passage. Republican Sen. Susan Collins of Maine and Democratic Sen. Mark Pryor of Arkansas were the only politicians to cross party lines.

It was dubbed the "Buffett Rule" after billionaire Warren Buffett said that he should pay at least the same tax rate on his income as his secretary. Because of loopholes and tax breaks for capital gains income, most wealthy people pay far less than do working families.

After multiple rounds of tax cuts, including the Bush tax cuts for the rich, the average tax rate for wealthy Americans is at its lowest level in 50 years. By contrast, the middle class has seen their taxes remain about the same or slightly increase in the same period.

Of millionaires in 2009, a full 22,000 households making more than $1 million annually paid less than 15 percent of their income in income taxes—and 1,470 managed to pay no federal income taxes on their million-plus-dollar incomes, according to IRS data.

Of the 400 highest income Americans, one out of every three in this group of the most financially fortunate Americans paid less than 15 percent of their income in income taxes in 2008.

In addition, during the past 30 years, nearly two-thirds of income gains in America went to the richest 10 percent.

In a letter to senators, AFL-CIO Government Affairs Director William Samuel says, "If we want out economy to heal we must tackle this growing economic inequality on an urgent basis. The best place to start is putting America back to work and making full employment our top priority."

"We cannot afford any further delay in putting in place economic policies that will lay the foundation for broadly shared prosperity in the long term. Of course, this will require additional revenue, since federal tax receipts are currently at their lowest levels in 50 years as a share of GDP [gross domestic product]. It is only fair and right to ask the people who have benefited from the economic policies of the past 30 years to pitch in and clean up the mess they have made."