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Warren Buffett's Taxing the Rich Won't Solve Deficit, Says Tax Foundation

Friday, August 19, 2011

By **Matt Cover**



President Barack Obama awards the 2010 Medal of Freedom to investor Warren Buffett on Feb. 15, 2011. (AP Photo)

(CNSNews.com) – Taxing millionaires and billionaires more – a position advocated by billionaire Warren Buffett and President Barack Obama – won't make much of a dent in the national debt or the record federal budget deficits, a new study finds.

“Even taking every last penny from every individual making more than \$10 million per year would only reduce the nation's deficit by 12 percent and the debt by 2 percent,” the non-partisan Tax Foundation's **David Logan** writes.

“There's simply not enough wealth in the community of the rich to erase this country's problems by waving some magic tax wand,” said Logan.

Buffett, in an August 15 **op-ed** in the *New York Times* said it was time to stop “coddling” the wealthy and called on Congress to raise taxes on those making \$1 million or more.

“But for those making more than \$1 million -- there were 236,883 such households in 2009 -- I would raise rates immediately on taxable income in excess of \$1 million, including, of course, dividends and capital gains. And for those who make \$10 million or more -- there were 8,274 in 2009 -- I would suggest an additional increase in rate,” Buffett wrote.

“My friends and I have been coddled long enough by a billionaire-friendly Congress,” wrote Buffett.

However, according to the Tax Foundation study written by Logan, even taxing the nation's millionaires at 50 percent – even eliminating loopholes and deductions – would only reduce the deficit by 8 percent and the national debt by 1 percent.

“[T]aking *half* of the yearly income from every person making between one and ten million dollars would only decrease the nation's debt by 1%,” the report said.



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Taxing millionaires at an effective tax rate of 50 percent would raise only \$120 billion more, according to Tax Foundation calculations based on IRS data.

Taxing those who make \$10 million or more at an even higher rate, as Buffett advised, would also do little to reduce the deficit and debt. Tax Foundation calculations indicate that taxing these individuals at an effective rate of 100 percent would only net the government \$186 billion, reducing the deficit by 12 percent and the debt by an additional 2 percent.

In fact, the only way for the government to solve its fiscal issues with revenue would be to confiscate every single dollar from every single American making \$200,000 or more per year, the study said.

"Finally, to put everything in perspective, think about what would need to be done to erase the federal deficit this year: After everyone making more than \$200,000/year has paid taxes, the IRS would need to take *every single penny of disposable income they have left*. Such an act would raise approximately \$1.53 trillion," reported the Tax Foundation.

Buffett, in his *New York Times* op-ed, said, "It's time for our government to get serious about shared sacrifice."

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 **Sfj41837** 1 minute ago

maybe Warren Buffet is taking "math lessons" from the Obama Administration.....it's called "fuzzy math!"

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 **Truth Matters** 3 minutes ago

The SOLUTION: There are 50 Independent Republics which make up the United States. These individual Republics are in fact independent countries which have their own governing bodies, Legislative, Executive and Judicial Branches. The Federal Government known as the "United States of America" is in fact a CORPORATION which exists at the pleasure of the 50 States. This federal government has in fact run amok and as a result, the independent states should secede from this unstable union. The federal government stopped recognizing the 10th amendment which acknowledges the barrier between states and peoples rights above the LIMITED Federal government. The federal government seeks to usurp the states and dictate to them all aspects of commerce, trade, health care, etc...and the list is never ending. There are 2 sets of books, the Constitution which you and I want to govern our lives with and the second set of billions of RULES AND REGULATIONS which completely circumvent our constitutional rights. They have not only strayed far from the intentions of our founding but we are perilously close to totalitarianism. If we do not reverse course right now then beware, we will become the serfs and slaves to those we elected to represent us and they will have set themselves up as the ruling elite dictators. Trust me, they are preparing right now to disarm American citizens in order to facilitate their final takeover. Welcome to the USSA.

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 **arbie** 7 minutes ago

Everyone should shoulder the load, including the 51 % of Americans who pay no federal income tax whatsoever. Why not implement a tax which applies to everybody? That would be fair; or does that no longer make any difference?

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 **Rocker98** 7 minutes ago

Buffett, in his New York Times op-ed, said, "It's time for our government to get serious about shared sacrifice."

I agree. It's time for Government to lay itself off. And, it's time for these "Need to tax the rich" folks to start sending in every available penny they have to the IRS. Lead by example.