



OBAMA'S BUFFETT RULE

– IT'S NOT GOING ANYWHERE IN CONGRESS!

– AT LEAST FOR NOW... SO PAY ATTENTION!

Stephen L. Bakke – April 17, 2012

This week Congress voted on Obama's proposed tax bill whereby "hated rich people" will pay a minimum of 30% of income to the federal government. It was blocked by the Senate on Monday, April 16 (by a vote of 51 to 45) partly for reasons described herein, but a version of it will probably be brought back later on for another vote – and again, and again if necessary. It "polls well" for some reason, and they will keep pounding on it. I guess many Americans love taxes if other people are paying them! It's important for conservatives to broadcast the facts when we hear about the rebirth of this proposed legislation.

How Did This All Start?

"Once upon a time," in a billionaire's office far, far away, the meddling and disingenuous Warren Buffett stumbled into Obama's "briar patch" – he got caught and now can't get loose. Set aside the fact (no don't!) that he is heavily invested in insurance companies that sell products to help other citizens avoid the "death tax" as part of their estate tax planning. Does it also help to remember that while Buffet has repeatedly supported higher estate tax rates, he is well known for "buying up" family businesses unable to pay estate taxes without liquidation?

Warren Buffett has been self-righteously bemoaning that he doesn't have to pay more taxes, and that his poor secretary pays much more than he does. In an earlier report I pointed out that, based on information I have found, his secretary is actually a very wealthy individual, separate from her employment by Buffett, and only because of that does she pay in excess of a 30% tax rate. Also, remember that Buffett pays around 15% of his income on taxes because he CHOOSES to receive dividends and capital gains rather than a salary. That is his CHOICE!

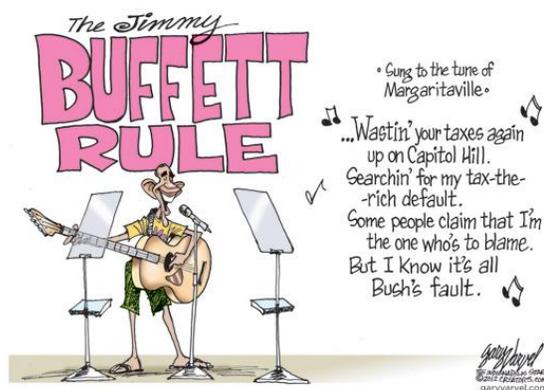
Dividends and capital gains have the lower rate because, as one reason, this is double taxation – taxes on corporate income that has already been taxed at the corporate level. Combined, Buffett's companies' income, has been taxed at a rate as high as 50% - given the particulars of the companies, and the double taxation represented by dividends and capital gains. The impact of estate taxes makes it worse, but that's another project altogether! And now it's public knowledge that the old guy Buffett is in arrears on payment of "billions" of alleged taxes which he is disputing.

**And P-BOB Said: "Let There Be a New Political Gimmick"
– And There Was One! – Then He Started Singin' It!**

President Barack Obama (P-BOB) declared, right there at the official "Teleprompter of the United States" (TOTUS) that: **"It will help close our deficit!" Yup! He said it!** And sumpin' else he said was: "Warren Buffett's secretary shouldn't pay a [higher] tax rate than Warren Buffett And that basic principle of fairness, if applied to our tax code, could raise enough money" to "stabilize our debt and deficits for the next decade This is not politics; this is math."

OK, let's take a look at the math. According to the Congressional Budget Office numbers, the amount raised by the Buffet Rule will raise \$3.2 billion per year. So at that rate it will take over 500 years to collect **only the 2011 budget deficit** – if nothing else changes. Using another source, Obama's Joint Committee on Taxation, the Buffett Rule will raise between \$4 and \$5 billion per year in revenues. This more optimistic computation would still take longer than this country has already existed to collect our 2011 deficit. And that would barely impact the entire national debt! Uff Da!

Warren Buffett must think P-BOB is stupid for "biting" on such "BS." And P-BOB must think the American public is collectively, intellectually incompetent to think he can get away with those statements. Well maybe we are! So far, these statements seem to "poll well," indicating there will be much more to come and the legislation will be introduced again and AGAIN I'm afraid! **But what do some of the credible "observers" of fact and fiction have to say?**



I'm Glad You Asked!

According to FactCheck.org, P-BOB and VEEP Biden are leaving "the false impression that many, if not most, millionaires (people who earn \$1 million or more a year) are paying a lower tax rate than the middle class. The fact is that even without the Buffett Rule, 'more than 99 % of millionaires will pay' a higher tax rate than those in the very middle of the income range in fiscal year 2015, according to the nonpartisan Tax Policy Center."

Tax Policy Center budget expert Roberton Williams stated that the middle class family pays approximately 15% of their income on taxes, compared to 24% for those in the \$1 million category.

The Buffett Rule is an intentional distraction. Obama is in serious jeopardy of losing the debates on health care reform, jobs creation, budget deficits, national debt, energy policy, and on and on! What do you do when you are losing? You create a distraction – you change the subject to something like

the Buffett Rule, and you begin an organized strategy of demagoguery. Hence we see the contrived “war on women” and all of the other class warfare rhetoric dealing with things such as fairness and class mobility.

P-BOB Even Managed to Drag Ronald Reagan into This Argument!

I'm not the first President to call for this idea that everybody has got to do their fair share. Some years ago, one of my predecessors traveled across the country pushing for the same concept. He gave a speech where he talked about a letter he had received from a wealthy executive who paid lower tax rates than his secretary, and wanted to come to Washington and tell Congress why that was wrong. So this President gave another speech where he said it was “crazy” -- that's a quote -- that certain tax loopholes make it possible for multimillionaires to pay nothing, while a bus driver was paying 10 percent of his salary. That wild-eyed, socialist, tax-hiking class warrior was Ronald Reagan.

He thought that, in America, the wealthiest should pay their fair share, and he said so. I know that position might disqualify him from the Republican primaries these days but what Ronald Reagan was calling for then is the same thing that we're calling for now: a return to basic fairness and responsibility; everybody doing their part. And if it will help convince folks in Congress to make the right choice, we could call it the Reagan Rule instead of the Buffett Rule.

It disgusts me to even write about how dishonest this is. Will the press ever hold P-BOB accountable for these absolutely embarrassing representations? According to several sources I have reviewed, Reagan wasn't arguing for a new tax on the super-wealthy, he was attempting to reduce taxes for all, for the most part by reducing rates, tax simplification and eliminating tax shelters. He wanted to CUT taxes on everyone, NOT raise taxes on a few. How obvious does it have to be that this President intentionally deceives?

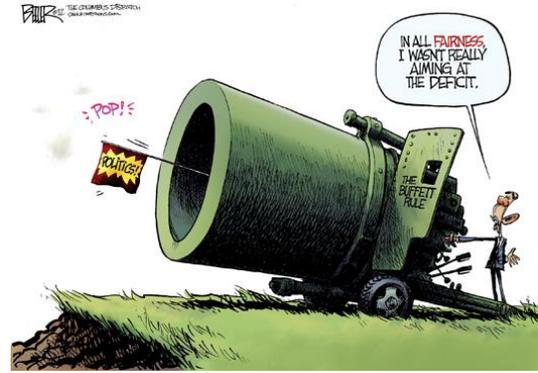


Just to make this even more clear, let's take a look at another things Reagan said during that barnstorming trip pushing tax reform. According to political analyst Glen Kessler, Here's what Reagan said in his June 28 speech right after he mentioned the letter from the executive (which Obama referred to in the quote above):

It stands to reason that the more complex our tax code is, the more open it is to abuse. So, we're making it simple to make it fair. America's tax plan will do away with special breaks for a few so we can lower the tax rates for all. Our simpler, three-bracket design will assure that no American pays one penny more than his fair share.

Kessler notes: “In other words, Obama and Reagan did use similar anecdotes—and even the phrase “fair share”—but in service of different goals.”

Kessler also reported that White House officials said they were quoting Reagan correctly. "The policies are identical," said one official, on condition of anonymity. "The only difference is we are talking about loopholes/dodges that exist in 2012 and he was talking about loopholes/dodges that existed in 1986." **HOW MANY MISREPRESENTATIONS CAN THIS ADMINISTRATION GET BY WITH? It's really all about politics only!**



GOOD GRIEF, ONE MORE TIME!!