



THE TAX FACTS: THE TRUTH ABOUT THE OBAMA TAX PLAN

Barack Obama is being smeared by baseless claims that he would dramatically raise marginal tax rates to levels not seen since the 1970s, or impose new taxes on everything from your child's education fund to your water. These tired attacks are patently false and have been repeatedly debunked by independent fact check organizations. Below are 6 key facts about the Obama tax plan that help set the record straight:

FACT #1: The Obama Plan Provides Generous Tax Cuts for Almost All American Families – and will not raise any tax rate on families making less than \$250,000 per year, period! The Obama plan maintains the existing marginal tax rates for every family making less than \$250,000 – and single people making less than \$200,000—while offering thousands of dollars in new tax cuts for saving, education, mortgage costs, and childcare, as well as up to \$1000 per family to make work pay. Under the Obama plan, the typical family will pay tax rates that are 20% lower than they faced under President Reagan. Any and all charges that Obama would raise rates on capital gains, dividends, income, savings and so on for the approximately 98% of American families making less than \$250,000 are simply not true. For details click [here](#).

FACT #2: The Obama Plan Would Cut Taxes For Middle Class Families By Three Times More Than Senator McCain's Plan. *Obama Has Never Voted To Increase Taxes on Moderate Income Families.* In recent weeks, the McCain campaign has repeatedly suggested that Obama voted to increase taxes on families making \$42,000 per year. Factcheck.org declared this claim “[simply false](#),” and the Washington Post Editorial Board determined that this claim was “[unacceptably misleading](#).” According to the Bipartisan Committee for a Responsible Federal Budget, the budget resolution vote that the McCain campaign relies on for this charge “[\[did\] not raise taxes](#).” In fact, in the context of that budget resolution, both Senators Obama and McCain voted to [extend middle class tax benefits](#). Likewise, the McCain campaign's claim that Obama has voted for higher taxes 94 times, a charge the New York Times called “[false](#)” and factcheck.org called “[misleading](#).”

What the McCain Campaign doesn't tell you is that, according to the Tax Policy Center, middle class families will get at least a [three times larger tax cut](#) under the Obama plan than under Senator McCain's.

FACT #3: Under the Obama Plan, No One Will Pay Higher Tax Rates Than They Paid in The 1990s. Barack Obama believes that any responsible candidate must put forward specific ideas of how they would pay for their proposals to put us back onto the path of fiscal responsibility. That is why he has called for repealing a portion of the tax cuts passed in the last eight years for families making over \$250,000. But he would limit all rates to be at or below what they were in the 1990s. Families making over \$250,000 would pay the 1990s marginal income tax rates – of 39.6 and 36 percent – and capital gains and dividend tax rates of 20%. Obama's 20% capital gains rate is the lowest rate from the 1990s, and his 20% dividends rate is 39 percent lower than the rate President Bush proposed in 2001, and lower than all but 5 of the last 92 years we have been taxing dividends.

The data show that the tax rates in the 1990s did not undermine economic growth or entrepreneurship – our economy created nearly 23 million new jobs, Americans' incomes grew at robust rates. In fact, the stock market grew at 270% in the decade following Ronald Reagan's increase of the capital gains tax rate to a level one third higher than what Obama proposes. Under the Obama tax plan, literally every household in America

will pay the same or lower tax rates than they would have in the 1990s. For details click [here](#).

FACT #4: Obama Would Lower Taxes For the Vast Majority of Small Businesses. *The Suggestion that Obama Would Raise Taxes on 23 Million Small Businesses is Patently False.* Because the Obama plan preserves existing tax rates for families making less than \$250,000 a year, nearly 99 % of small business owners won't see any tax increase under the Obama plan.ⁱ Instead, these small firms and business owners are likely to get a tax cut under the Obama plan, which eliminates capital gains taxes for small businesses, provides a new 50% tax credit for healthcare, and helps lower health care costs to make small businesses competitive. For details click [here](#). The McCain campaign's tired attack on small business taxes has been thoroughly repudiated: Factcheck.org called it "preposterous"; Politico called it "off-base"; the Atlantic called it a "lie".

FACT #5: Obama Has Called For a Bipartisan Social Security Solution That Asks the Wealthiest Americans to Contribute Their Fair Share. *He Does Not Support Fully Uncapping the Payroll Tax for Social Security at the 12.4 Percent Rate.* Barack Obama would like to work with members of Congress from both parties to strengthen Social Security and prevent privatization while protecting middle class families from tax increases or benefit cuts. As part of a bipartisan plan that would be phased in over many years, he would ask those making over \$250,000 to contribute a bit more to Social Security to keep it sound. Despite the smears of his opponents, Obama does not support uncapping the payroll tax at the full 12.4 percent rate. Instead, Obama and Biden are considering plans that would ask those making over \$250,000 to pay in the range of 2 to 4 percentage points more in total (combined employer and employee). This change to Social Security would start a decade or more from now and is similar to the rate increases floated by McCain's close adviser [Senator Lindsey Graham](#) and that McCain has previously said he "[could](#)" support.

FACT #6: Obama Will Provide New Tax Benefits to Help Families Save and Create Wealth. *The notion that Obama will raise taxes on families' assets like their "homes" or "life savings" is absurd.* In radio and TV ads, the McCain campaign has alleged that Barack Obama would increase taxes on "your life savings" or the "sale of your home"—bedrock assets for ordinary Americans. But in fact, Barack Obama and Joe Biden will repeal the estate tax for [99.7% of estates](#), offer a new universal mortgage tax credit to help working families achieve homeownership, and will offer a new, fully refundable 50% credit on the first \$1,000 of retirement savings done by American families. Factcheck.org called these McCain attacks "[simply not true for the vast majority of viewers who will see \[them\]](#)" while the Washington Post called them "[dishonest](#)."

Don't believe the smears that you hear from the McCain campaign or that you receive from bogus viral emails. Get the facts at www.barackobama.com/taxes.

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ⁱ According to the Tax Policy Center, only 1.4% of individual filers reporting small business income had income high enough to fall in the top two statutory tax rates. (<http://taxpolicycenter.org/numbers/displayatab.cfm?Docid=1789&DocTypeID=7>).