

# Revenue for Health Reform

## House Ways and Means Committee Adopts Surtax



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The House Ways and Means Committee has approved the revenue portion of the House health care reform bill, H.R. 3200. The Committee vote was 23-18. Nearly all of the new revenues are raised from a surtax that would apply to high income taxpayers. Surtax is progressive, just like regular income tax. Its brackets are 1%, 1.5% and 5.4%, applied to income in excess of \$350,000. Here are examples of the impact on a joint return:

AGI	\$350,000	Surtax = \$0
AGI	\$351,000	Surtax = \$10 ( $\$1000 \times .01$ )
AGI	\$500,000	Surtax = \$1,500 ( $\$500,000 - \$350,000 = \$150,000 \times .01$ )
AGI	\$501,000	Surtax = \$1515 ( $\$1500 + 1,000 \times .015$ )
AGI	\$950,000	Surtax = \$8250 ( $\$1500 + 450,000 \times .015$ )
AGI	\$1,000,000	Surtax = \$9000 ( $\$1500 + \$500,000 \times .015$ )
AGI	\$1,100,000	Surtax = \$14,400 ( $\$9000 + \$100,000 \times .054$ )

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