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Taxing the American Dream

Looking to shore up the deficit, Obama goes after millionaires

by April Love
Voice Staff Writer

In an effort to reduce the nation's deficit, President Obama has proposed the controversial "Buffett rule," which is a tax on those making more than one million dollars in personal income and investments, and not on businesses.

The proposed amount of money to be raised by the new bill is approximately \$3 trillion dollars over the next ten years, according to the Obama administration.

The bill is named after Warren Buffett, a self-made billionaire who lives in Omaha, Nebraska, who is currently ranked the third richest man in the world. He amassed a \$39 billion dollar fortune, and reportedly only paid \$7 million in taxes last year. Mr. Buffett doesn't think that's enough.

While his name is being used as the name for the proposed tax bill, Mr. Buffett has not yet responded to whether or not he agrees with the president's proposal.

While the bill, proposed by President Obama, would raise taxes on those who make over one million dollars a year, Mr. Buffett's idea is to only raise taxes for the "ultra-rich". While never mentioning what constitutes as "ultra-rich", Mr. Buffett calculates that it would only affect about 50,000 people.

The intent of the bill is to make sure that citizens are paying the same ratio in taxes. Due to the cap in the current tax code, the rate is the same for all those who make more than one million. Which means those making one million, \$50 million and \$1 billion all pay the same percentage in taxes.

Many Americans have voiced their approval of the proposed tax plan.

Lucas Wacker, a commenter on CNNMoney.com, makes a little over \$62,000 a year, and yet feels that he and his wife live a comfortable enough life that they could actually pay a higher percentage of taxes.

"I feel if it would honestly make a difference, I could easily pump another 2-3 percent into taxes without having to change my lifestyle at all."

Many Republicans, however, have spoken out against the proposed bill, even referring to it as "class warfare."

Senate minority leader, Mitch McConnell, is one who agrees with this sentiment. "We do not want to stagnate this economy by raising taxes."

"It adds further instability to our system, more uncertainty and it punishes job creation and those people who create jobs," said Republican, Paul Ryan in an interview with Fox News Sunday.

"I think it's not fair to say that wealthy people don't pay their fair share. They pay a much higher percentage of their income, they have a higher rate than people who make less," said

New York City Mayor, Michael Bloomberg, in an interview with CBS.

While this may be true, the Buffett rule actually only applies to the top 0.3 percent of wage earners, according to an article in The Los Angeles Times. In 2009, 22,000 people making more than \$1 million a year paid less than 15 percent of their income in taxes.

Currently Americans who make more than one million dollars pay 29 percent of their income, while those who make less than one million dollars, their rates vary, according to the Internal Revenue Services (IRS) website.

While about 73 percent of Americans are behind this plan, and many millionaires and billionaires are not, one thing that President Obama wants to make clear is that cuts to Medicare and Medicaid are non-negotiable without generating some form of revenue.

Concessions have already been made toward

Medicare including freezing the income threshold to the level it was in 2010, and issuing states' "block grants" for Medicaid, giving them one lump sum of funds for the program, overall cutting about \$1 trillion from that budget.

Senator Lindsey Graham of South Carolina (R) feels that this is all a political ploy by the president that will do little to actually reduce our deficit by a significant amount.

"The truth of the matter is if you raise taxes on billionaires and millionaires it adds a de minimis amount of money to the Treasury to pay off the debt."

The bottom line is easy. We need to reduce America's deficit. The problem however, is at whose expense?

For More information on the Buffett Tax Proposal go to <http://alturl.com/qy8yk>.

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