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U.S. House May Include Surtax on Wealthy in Health-Care Package

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By Ryan J. Donmoyer

July 7 (Bloomberg) -- House Ways and Means Committee members are likely to propose a [surtax](#) on high-income Americans to help pay for an overhaul of the health-care system, according to people familiar with the plan.

The tax would be similar to, yet much smaller than, a surtax proposed in 2007 by Ways and Means Committee Chairman [Charles Rangel](#), a person familiar with the committee's talks said. That plan would have added at least a 4 percent levy on incomes exceeding \$200,000, and was projected to reap as much as \$832 billion over 10 years.

Two people familiar with closed-door talks by committee Democrats said a [House bill](#) probably will include a surtax on incomes exceeding \$250,000, as Congress seeks ways to pay for changes to a health-care system that accounts for almost 18 percent of the U.S. economy. By targeting wealthier Americans, a surtax may hold more appeal for House Democrats than a Senate proposal to tax some employer-provided health benefits.

"The surtax is obviously more attractive to Democrats in the House because it's more progressive, which they find attractive in and of itself," said [Paul Van de Water](#), a senior fellow at the Washington-based [Center on Budget and Policy Priorities](#), a research group focused on policies affecting low- and moderate-income families.

Supporters on the Ways and Means Committee include Representative [Lloyd Doggett](#), a Texas Democrat who backs including a surtax among revenue-raising measures in a health-care package, Doggett spokeswoman Sarah Dohl said.

Republicans in Congress, and some Senate Democrats, are likely to fight moves to increase tax rates, said [Clinton Stretch](#), who analyzes tax legislation at Deloitte Tax LLP, a Washington consulting firm.

Republican Opposition

"This will be a point of discomfort for moderate or conservative Democrats" in the Senate, he said. "It will be an anathema for Republicans."

The possibility of [raising taxes](#) on top earners surfaced last month as a revenue option for members of Rangel's committee, and the people familiar with the talks cautioned that no agreement has been reached. A Senate plan to tax the value of employee benefits that exceed coverage for federal workers may generate as much as \$418.5 billion over 10 years, though talks are focused on proposals that would raise considerably less.

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