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Real Basket Of Deplorables? Hillary Clinton Tax Hikes

Perhaps Hillary Clinton was trying to compliment half of Trump supporters with her 'basket of deplorables' remark. While labeling one-half, she seemed to be extending the hand of understanding to the other half of her opponent's followers. Of course, that's not how her remarks settled in with Republicans, many of whom reacted angrily. Not unlike Mitt Romney's remarks about the 47%, Hillary Clinton's comment about deplorables provoked responses. She issued a regrets statement. But she doesn't seem to be walking back any of her proposed tax hikes. And they are big indeed.

Trump has warned family farmers that a Clinton presidency would mean tax hikes and regulations. Trump hasn't always stayed on message, even falsely claiming that Clinton wants to raise taxes on African-American businesses by 50%. Some voters may not even want to hear him *talk* about taxes until he releases is personal tax returns. But that seems increasingly unlikely. Even so, there is plenty for him to attack in Hillary Clinton's proposed tax increases. Americans for Tax Reform's HighTaxHillary.com lists some of Ms. Clinton's sweeping tax proposals. Ms. Clinton has said that she wants to raise taxes at the top, and not on middle income Americans making less than $250,000 a year.

Hillary Clinton (AP Photo/Carolyn Kaster)

To begin with, Clinton vows estate tax hikes, while Trump vows repeal. You can read here how Clinton would slash the estate tax exemption to $3.5 million, and raise the tax rate to 45%. Clinton is pushing, and many Democrats could go even further. President Obama has argued that allowing a basis step up on death–for income tax purposes–is a huge loophole. He proposed no basis step up, hoping to raise approximately $200 billion over the next decade. When combined with state estate taxes, President Obama's proposal would yield the highest estate tax rate in the world. Small and family businesses could be particularly hard hit.

Clinton has also said she would be fine with a payroll tax hike on all Americans. She also has endorsed a steep soda tax, and even endorsed a 25% national gun tax. Ms. Clinton's campaign manager John Podesta has also said that she would be open to a carbon tax. Once again, that could impact many people, directly or indirectly. They suggest that these proposals would cost at least $1 trillion over ten years. A key campaign issue is just who gets stuck with paying these increased taxes.

Ms. Clinton has also called for a tax hike of at least $275 billion through a number of business tax reforms described in a campaign document. In large part, businesses have to wait for details on this. She has also proposed a new "exit tax" on income earned overseas. Her goal is to stop inversions of U.S. companies. Yet many observers say that reducing U.S. corporate tax rates would do considerably more to remove the incentives that make U.S. companies want to invert. This tax is supposed to raise $80 billion.

Ms. Clinton's published plan calls for "between $400 and $500 billion" by "restoring basic fairness to our tax code." These proposals include a "fair share surcharge," the taxing of carried interest capital gains as ordinary income. She proposes higher capital gains taxes too. Forget short term and long term. She wants six different rates that climb high. Ms. Clinton's proposed new tax on stock trading remains controversial. Although its target is Wall Street, its effect could impact millions of Americans who buy and sell, even in their 401(k)s and IRAs. It is not yet clear what this one will cost.

Even if these ideas do not come to pass, Ms. Clinton has proposed plenty of other tax hikes. Mostly, they would hit the upper end of the income chart. But not everyone who is going to be paying these is likely to think they are fat cats than can afford it. She has proposed a $350 billion income tax hike in the form of a 28% cap on itemized deductions. You can think of this as a kind of new version of the alternative minimum tax. You might *think* you can deduct something because the law allows it, but not if you make too much money. How much this one will really cost you remains to be seen.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.