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## \$2 Trillion Tax Hike Hidden in Obama Budget

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EXCLUSIVE: It could be said that President Obama has never seen a tax hike he doesn't like -- whether it's letting the 2001 and 2003 tax cuts expire, insisting on higher taxes for job creators, and yesterday [calling on Congress to raise taxes](#) on the oil industry. But as much as the President wants to raise taxes, Heritage has discovered that are even more tax hikes hidden in his budget, adding up to a total of \$2 trillion in higher taxes.

[In a new report](#), Heritage's Curtis Dubay uncovers Obama's hidden tax hikes and finds that the President's proposed \$1.561 trillion tax increase over 10 years is much bigger than advertised. In fact, the President [wants to raise taxes by \\$1.689 trillion](#) -- that's \$128 billion more than was reported by the White House Office of Management and Budget (OMB) in the President's FY 2013 budget proposal.

What's to account for the discrepancy? Dubay explains that OMB reports the tax hikes in areas other than the tax section, misleading readers into believing that the President's tax hikes are smaller than they are in reality. Among them are the "Financial Crisis Responsibility Fee," better known as the bank tax, which adds another \$61 billion to the President's tax hike total; a \$44 billion tax hike from allowing the IRS to adjust a program integrity cap; a \$48 billion increase of the unemployment tax; and a \$1 billion hike of user fees for commercial navigation of inland waterways.

How's that for "the most transparent White House in history"?

But wait, there's even more.

On top of the \$128 billion in hidden taxes, the President takes credit for tax cuts when he really doesn't deserve it. Dubay [reports](#) that the budget includes \$317 billion in pre-existing tax cutting policies, including the payroll tax holiday (\$31 billion), the American Opportunity Tax Credit (\$137 billion), the Research and Experimentation Credit (\$109 billion), the group of tax-reducing policies known as the "tax extenders" (\$34 billion), along with a handful of other provisions totaling \$6 billion -- even though these policies were already part of the tax code. In other words, the President wants to get all the credit, while dodging the blame.

Take away those wrongly counted cuts and the President actually wants to raise taxes by more than \$2 trillion!

Dubay [says](#) the White House has some explaining to do:

Congress should disregard the misleading tax hike figure from OMB's table and use the correct \$2 trillion amount when referring to the total tax hikes in the President's budget. And Members of Congress should question OMB as to why they chose to mislead readers about the total tax hike that President Obama has called for on American taxpayers.

Why does all this tax talk matter? Take a look at the economy. America is experiencing a [historically slow recovery](#), the likes of which haven't been seen since World War II. Private-sector employment is 4.5 percent below pre-recession levels, unemployment remains at 8.3 percent -- the highest since the 1981-1982 recession -- and only 63.7 percent of adult Americans are active in the labor force, the lowest since 1983. Meanwhile, small businesses say taxes are among their most important problems -- they fear Washington will raise taxes in order to pay for even more spending, so they're sitting on the sidelines and not producing jobs. Now it appears that their worst fears are coming true.

Instead of raising taxes through the roof and hiding a chunk of those tax hikes from the American people, Washington should pursue policies that encourage growth and will help put the unemployed back to work. One way to do it is with [Heritage's "New Flat Tax"](#) which simplifies the tax system and encourages investment.

America doesn't need \$2 trillion in higher taxes, especially in a time of a weak recovery. And it certainly doesn't need them slipped through under their noses. The President's budget claims credit for tax cuts he doesn't deserve, hides the true cost of the tax hikes he imposes, and punishes job creators instead of encouraging them to expand. Consider it the President's secret recipe for a weak economy.

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- Lunchtime Chat: Gas prices keep going up, and yet the Obama Administration isn't doing anything about it. [Join Heritage's David Kreutzer for a web chat on the issue today from 12-1 E.T.](#) You bring the questions, we'll bring the answers.