

# GOP ponders the once unthinkable — taxing the rich

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WASHINGTON>> As Republicans prepare to cut trillions of dollars in taxes, they are grasping for ways to keep down costs. There are the typical conservative ideas for doing so, like cuts to health care programs, and the inventive ones, like changing how the budget is measured in the first place.

And then there is an unorthodox option Republicans on Capitol Hill and in the Trump administration are quietly considering: a tax increase on the rich.

The idea is one of many tax changes Republicans are floating. Lawmakers and lobbyists expect the party's anti-tax antibodies to kick in and eventually block it. But even the possibility of raising taxes on high-income Americans has stirred a debate among Republicans about the party's relationship with the richest Americans as their base of support increasingly comes from the working class.

"You've got these two conflicting streams of thought within the Republican Party," said Dave Kautter, a Treasury official under the first Trump administration. "There's 'Let's raise the rate so we can provide relief for lower- and middle-income people who are now part of our coalition,' versus the traditional few that say, 'The top rate should be as low as we can get it.'"

At issue is the marginal tax rate for Americans in the highest income bracket, a group that is largely made up of the top 1% of earners. Under the income tax system, Americans pay a higher rate for every dollar they make above increasing thresholds.

In their last major tax cut, in 2017, Republicans lowered marginal tax rates across income levels, including the top rate, which dropped to 37% from 39.6%. Like many other tax cuts Republicans passed that year, the 37% rate is set to expire at the end of the year if Congress does not pass another law renewing it.

For Republicans struggling with the roughly \$4 trillion cost of continuing the 2017 cuts, letting the top rate snap back to 39.6% would be an easy way to reduce the cost of the bill. Not only would such a move save roughly \$366 billion, according to the Tax Policy Center, a think tank in Washington, it could also help inoculate Republicans against attacks from Democrats accusing them of seeking to cut taxes for the rich at the expense of programs that help the poor.

So could creating another income bracket. Right now, the 37% rate kicks in on earnings above \$609,351 for a single American. Another option would create a new income threshold, say \$1 million per year, and tax earnings above that level at a higher rate.

Republicans on Capitol Hill and in the administration described the ideas as part of the early brainstorming process for their tax bill..

"Generally, we're trying to reduce taxes around here, so that's a general principle; we'll have to see," House Speaker Mike Johnson, R-La., said when asked about the possibility of raising taxes on rich Americans.