

## POLITICS

# Hillary Clinton Proposes 4% Income-Tax Surcharge for Wealthy Americans

Proposal would restore top tax rate to levels that haven't been in place for 30 years



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DES MOINES, Iowa— [Hillary Clinton](#) expanded on a plan to make the wealthiest Americans pay higher taxes, rolling out a new “surcharge” on multimillionaires that would restore the top tax rate to levels that haven’t been in place for 30 years.

Facing a strong populist challenge from Democratic rival Bernie Sanders, Mrs. Clinton in the run-up to the Iowa caucuses has been laying out policies aimed at shrinking the gap between rich and poor. Last month she embraced an idea floated by President Barack Obama: the so-called Buffett Rule, which imposes a minimum 30% tax on taxpayers whose adjusted gross incomes top \$2 million.

The rule is named after billionaire investor Warren Buffett, who has made the case that the tax system protects wealthy Americans like himself at the expense of working-class Americans who answer his phones.

Mrs. Clinton’s proposal, unveiled at a campaign stop in Waterloo, Iowa on Monday, goes beyond the Buffett Rule envisioned by Mr. Obama, imposing a 4% surcharge on taxpayers making more than \$5 million a year.

Under her plan, marginal tax rates on the highest-earning households would return to levels that haven’t been reached since 1986, before the last major revamp of the U.S. tax code.

The surcharge would come on top of the 39.6% top income-tax rate, not including payroll taxes or a 3.8% tax on unearned income. It effectively creates a new top bracket for the superrich. Currently, the 39.6% bracket applies to taxable income above \$466,950 for married couples

“I want to implement the Buffett Rule: Make sure there’s a minimum tax they have to pay,” Mrs. Clinton said in her campaign appearance. “I want to go further and impose what I call a fair share surcharge on multimillionaires because right now we’re behind and we need to get the wealthy and the corporations to pay more of their fair share....”

One of the questions surrounding Mrs. Clinton’s candidacy is whether her true loyalties lie with the wealthy donors who have contributed to her and her husband’s various campaigns and charitable foundation over the past quarter century.

She has sought to allay these concerns with a raft of campaign plans that she says would raise wages and help middle-class families pay for college and meet expenses incurred when family members get sick. Higher taxes on the rich are one way she wants to pay for her proposals. What she is calling her Fair Share Surcharge would bring in \$150 billion over 10 years, her campaign estimates.

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—Hillary Clinton

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The Clintons’ tax rate exceeded 35% in 2013 and 2014. Their income in those years would have been subject to the proposed surcharge.

Mr. Sanders, who trailed her badly when he entered the race in May, has been gaining traction with a message that income inequality is one of the defining issues of the era.

A new Wall Street Journal/NBC News/Marist poll showed that [Mrs. Clinton and Mr. Sanders are deadlocked](#) in New Hampshire and in Iowa. Nationally, Mrs. Clinton holds a 13-point advantage, according to the Real Clear Politics average of national polls.

Asked about Mrs. Clinton’s plan, Sanders spokesman Michael Briggs said it is inadequate.

“At a time of grotesque income and wealth inequality and when trillions of dollars have been transferred from the middle class to the top one-tenth of one percent over the last 30 years, Sec. Clinton’s proposal is too little too late,” he said.

Mr. Sanders is expected to unveil his proposed tax rates later this month.

A spokesman for the Republican National Committee, Michael Short, suggested Mrs. Clinton’s tax-the-rich ideas are meant to stave off the challenge from Mr. Sanders.

He said: “Hillary Clinton is determined to do her best Bernie Sanders impression as she loses ground in the primary.”

The new surcharge would be applied after the Buffett Rule, according to the Clinton campaign. Its main effect would be to sharply raise the top tax rate on capital gains.

Capital gains are highly concentrated at the top of the income distribution. Although the wealthiest households can use a variety of tax maneuvers to reduce their bills, raising rates does affect what they pay in taxes. In 2012, the top 400 taxpayers, who all had incomes more than \$100 million, paid an average effective tax rate of 16.7%. In 2013, after tax rates on ordinary income and capital gains went up, the top 400 paid an average rate of 22.9%.

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