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The Truth About McCain And Insurance Taxes

WASHINGTON, Sept. 15, 2008

(CBS) It's one of the most explosive and important political charges of the election: "He wants to tax your health benefits," Barack Obama said.

Obama's charge was that that John McCain wants to tax the health insurance benefits Americans buy through employers, **CBS News correspondent Wyatt Andrews** reports.

"That's a \$3.6 trillion tax potentially increase on middle class families," Obama said. "That will eventually leave tens of millions of you paying higher taxes."

John McCain wants a multi-trillion dollar tax on the middle class? Here are the facts.

Obama has the tax part correct, but the impact on the middle class is exaggerated - most people will see tax cuts.

McCain has proposed to end one of the largest tax breaks in the entire economy. Some 60 million Americans buy health insurance thru employers tax-free, and McCain would indeed begin to tax the value of the benefit.

However McCain also proposes to give the money back as a tax credit, \$2,500 for individuals, \$5,000 for families.

"Let's give them a \$5,000 refundable tax credit to go out and get the health insurance of their choice," McCain said.

"It's mostly a tax break," said Len Burman of the Tax Policy Center.

The non-partisan tax policy center says except for the very richest Americans, most people buying insurance will see a tax cut.

"Families at all income levels would pay lower taxes, at least on average," said Burman. "On average, is about a \$1,200 tax cut in 2009."

On the issue of energy, meanwhile Gov Palin touts her energy expertise based on Alaska's production.

"My job has been to oversee nearly 20 percent of the U.S. domestic supply of oil and gas," she said.

Here are the facts: According to the Energy Department, Palin's numbers are high.

Alaska provides 14.3 percent of America's crude oil, and only 2.6 percent of it's natural gas. You can check out the Energy Information Administration **statistics here**.

On the health care debate, the Obama campaign tells **CBS News** that one day, the middle class will be hit by a McCain tax increase - but the experts **CBS News** consulted said that day is 10 years away.

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