



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 18, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 586 - Fairness for Foster Care Families Act of 2001

(Rep. Lewis (R) Kentucky and 49 cosponsors)

The Administration strongly supports House passage of the Tax Relief Guarantee Act of 2002. The Administration understands that H.R. 586 is now being used as a vehicle for consideration of the Tax Relief Guarantee Act. The Administration is particularly pleased that the House is acting to make the President's tax relief plan permanent.

The Economic Growth and Tax Relief Reconciliation Act of 2001 provided much needed tax relief to the American people and laid the foundation for further long-term economic growth. The key elements of this relief are: a reduction in income tax rates, including a new low 10 percent rate; elimination of the death tax; an increase in the child tax credit from \$500 to \$1,000 per child; and a reduction in the marriage penalty. Unfortunately, this relief expires at the end of 2010. Failure to make this tax relief permanent would penalize every American who pays federal income taxes, specifically:

- 43 million married couples whose taxes, on average, would be increased by \$1,730;
- 11 million single mothers with children who would lose, on average, \$780 of their income;
- 13 million seniors whose taxes would be increased by \$924 on average; and
- 3.9 million individuals and families who would have to start paying income taxes again, having been removed from the tax roles by last year's tax cut.

The Administration urges quick action in the Congress so that Americans can make their plans for the future today.

The Administration is also pleased that the legislation includes taxpayer protection and Internal Revenue Service (IRS) accountability provisions proposed in the President's budget, notably the 15-day filing extension for electronically filed tax returns.

Pay-As-You-Go-Scoring

Any law that would reduce receipts or increase direct spending is subject to the PAYGO requirements of the Balanced Budget and Emergency Deficit Control Act (BEA) and could cause a sequester of mandatory programs in any fiscal year through 2006. The requirement to score PAYGO costs expires on September 30, 2002, and there are no discretionary caps beyond 2002. The Administration will work with Congress to ensure fiscal discipline consistent with the President's budget and a quick return to a balanced budget. The Administration will also work with Congress to ensure that any unintended sequester of spending does not occur.

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