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

June 6, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2143 - Permanent Death Tax Repeal Act

(Rep. Weldon (R) Florida and 57 cosponsors)

The Administration strongly supports House passage of the Permanent Death Tax Repeal Act. The Administration is pleased that the House is acting now to make an important part of the President's tax relief plan permanent.

The Economic Growth and Tax Relief Reconciliation Act of 2001 provided well-timed and much needed tax relief to the American people and laid the foundation for a quicker return to long-term economic growth. Key elements of this relief include: a reduction in income tax rates, including a new low 10-percent rate; an increase in the child tax credit from $500 to $1,000 per child; a reduction in the marriage penalty; and elimination of the death tax.

The unfair death tax results in the double taxation of a family's hard-earned assets. Its elimination will lower the tax burden on families, small businesses, and family farms and promote fairness and economic growth. Unfortunately, this tax relief expires at the end of 2010. Failure to make the President's tax cut permanent would increase taxes by an average of $1,040 for 104 million taxpayers, including workers, married couples and families with children. In 2011, a median-income family of 4 would see their taxes increase by $1,866 relative to an extension of the President's tax cut. Failure to make the death tax repeal permanent would increase taxes by $103.5 billion.

The time to fix this problem is now, so American families, small businesses, and farmers and ranchers can make their plans for the future today, without needlessly worrying how these plans could be jeopardized by inaction in the future. Making the tax repeal permanent will ensure that Americans can make long-term plans when saving for their children's education, when undertaking new business ventures, when planning for retirement, and when planning future contributions to charity and passing on a family business to their children.

The Administration urges quick action in the Congress to make the elimination of the death tax permanent.

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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