



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

June 13, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 4019 - Permanent Marriage Penalty Relief Act

(Rep. Weller (R) Illinois and 28 cosponsors)

The Administration strongly supports House passage of H.R. 4019. The Administration is pleased that the House is acting now to make an important part of the President's tax relief plan permanent. Making marriage penalty relief permanent would further the objectives of the President's tax plan to lower the tax burden on families and restore fairness by addressing inequities in the tax code.

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; 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.

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 four would see their taxes increase by \$1,866 if the President's tax cut were not extended. Failure to make marriage penalty tax relief permanent would increase taxes by \$35.2 billion.

The Administration urges quick action in the Congress to make marriage penalty relief 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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