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BLACKBURN REPORT

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I wanted to fill you all in on some recently released data on tax relief because all too often the media is ignoring the good news. The tax relief legislation the President and Congress passed has made a difference to the average American family. I've included information below to illustrate the effect of tax relief on after-tax income. Also, U.S. payrolls grew in September for the first time in eight months with 57,000 people gaining employment.

The recession that began in late 2000 when the technology bubble burst, the September 11th terrorist attacks, and uncertainty caused by the start of the new war on terrorism were a tremendous blow to the nation. By taking proactive steps with tax relief, I believe we have shortened what could have been a much longer and more serious downturn and provided for growth.

Lately some have begun saying that raising taxes should be on the table, I don't believe raising taxes does anything to encourage economic growth and will oppose this effort.

Marsha

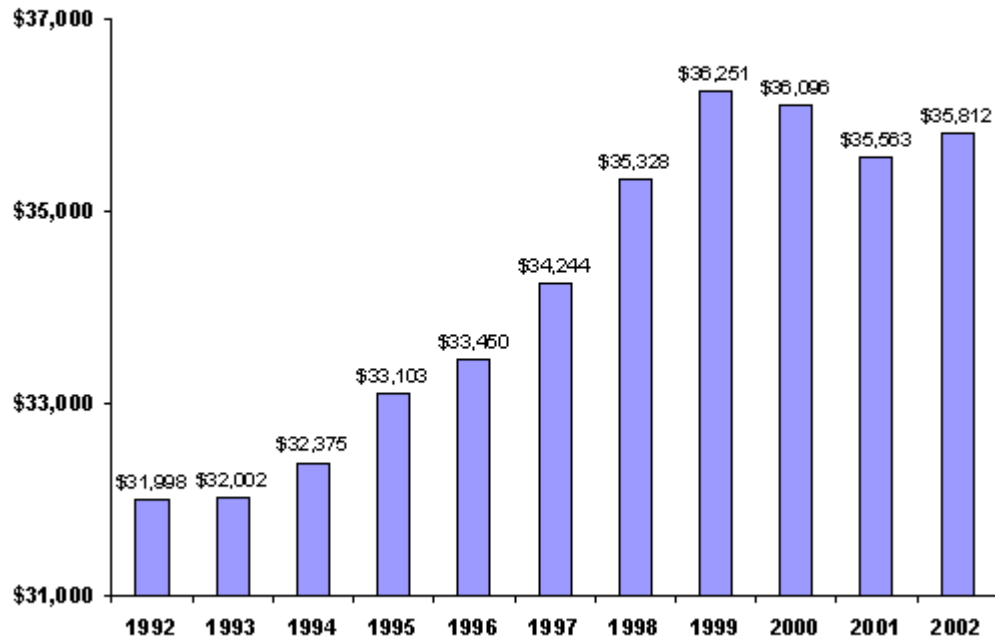
2002 INCREASE IN AFTER-TAX INCOME SHOWS IMPACT OF TAX RELIEF

The increase in real median household income after taxes in 2002 reflects the benefits of tax relief legislation provided to middle income Americans. According to this measure, after-tax income increased from \$35,563 in 2001 to \$35,812 in 2002. The rebound in 2002 left real median household income at a relatively high level, a level higher than those reached in the boom period leading up to 1998. This measure peaked in 1999, before the decline that started in 2000. The median measures income in the middle: half of households have incomes above the median, and half below the median. The data are adjusted for inflation.

The 2002 increase has pushed after-tax median income to a level higher than in most of the boom years of the 1990s. The bottom line is that the tax relief legislation of recent years has cushioned many American families from the effects of an unusual combination of events affecting the economy. The

acceleration of economic growth in 2003 should push the income of households in the middle higher this year.

Real Median Household Income After Taxes



Source: U.S. Census Bureau

