



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

June 8, 2006
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.R. 8 - Death Tax Repeal Permanency Act
(Rep. Hulshof (R) Missouri and 206 cosponsors)

The Administration strongly supports Senate passage of H.R. 8. Since the House has already acted by passing this important legislation, Senate passage is all that remains for Congress to relieve American families of this unfair, onerous, and anti-growth tax.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (the 2001 Act) provided well-timed and much needed tax relief to the American people, shortening and shallowing the recession and strengthening the foundation for a lasting recovery. Key elements of this relief included: a reduction in income tax rates, such as a new 10-percent rate; an increase in the child tax credit from \$500 to \$1,000 per child; a reduction in the marriage penalty; and the elimination of the death tax.

Eliminating the death tax is a matter of basic fairness. The death tax results in the double taxation of many family assets while hurting the source of most new jobs in this country -- America's small businesses. Permanent repeal of the death tax would relieve thousands of families with small businesses, farms, and ranches of its excessive and unfair costs and would mean that many more family businesses could thrive as a source of continuing job creation and economic growth. The death tax is much more than just a tax on the wealth of individuals at the time of death. Fundamentally, the death tax penalizes savings and risk-taking, reduces capital formation in the economy, and, ultimately, reduces living standards. Unfortunately, the provision of the 2001 Act that repeals the death tax expires at the end of 2010, creating significant uncertainty for family estate planning.

The time to fix this problem is now, so American families can plan for the future without worrying about whether the death tax will reemerge. Making the repeal permanent will ensure that Americans can save for their children's education, undertake new business ventures, budget for charitable contributions, and plan for retirement and the transfer of family businesses, farms, and ranches with the knowledge that Congress has acted to eliminate uncertainty.

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

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