

**Wally  
Herger**  
Congressman

**2nd District - California**



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## **Herger Touts Passage of Tax Relief Measure**

### *Bill Includes Herger-backed provisions*

(Washington, D.C.) - Congressman Wally Herger today voted for H.R. 4297, the Tax Increase Prevention and Reconciliation Act of 2005, which the House passed by a vote of 244 to 185. Among its provisions, the tax relief measure includes a Herger-backed provision to extend for two years the current small business expensing limits, which allow small firms to more quickly recover the cost of new investment through immediate expensing. The provision mirrors legislation Herger introduced in 2005 to extend the current limits. H.R. 4297 also extends tax relief on capital gains and dividends rates, and alternative minimum tax relief. Herger had the following reaction to House passage of it:

"The Tax Increase Prevention Act will foster strong small business activity," Herger stated. "Small businesses are the backbone of our economy, representing more than half of all jobs and economic output. Expensing helps encourage new small business investment and innovation, and create new jobs, so I'm very pleased that this tax incentive will continue.

"I strongly applaud House passage of the Tax Increase Prevention Act," continued Herger. "Hiking taxes on the American people would discourage small business investment and entrepreneurship, suppress economic activity, and potentially reverse the tremendous economic progress our nation has seen in recent years. Passage of this bill prevents this terrible economic policy and will help ensure that our economy remains vibrant and firmly on the right track."

"The capital gains and dividends tax relief have helped trigger economic activity and have been very beneficial to seniors living off dividends," added Herger. "Since Congress passed this relief in 2003, economic and job growth have been robust, wages have increased, and our investment markets have grown significantly stronger. Millions of Americans have gone back to work, and our nation's unemployment rate has plummeted to 4.7%--lower than the average of the 1970s, 1980s, and 1990s.

Herger added, "This vibrant economy activity and job creation have led to surging corporate and income tax revenue going to the federal treasury, helping to substantially lower the anticipated federal deficit. Skeptics of the 2003 relief predicted it would balloon the deficit and hurt the economy, but just like tax relief in the 1960s and 1980s, it has been enormously beneficial to our economy and the American people.

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"I'm also pleased that the Tax Increase Prevention Act prevents the onerous alternative minimum tax from stampeding on 15 million middle-income taxpayers," continued Herger. "The AMT was created to ensure that wealthier Americans couldn't avoid paying income taxes, but it has increasingly trapped middle-class Americans. It is an unfair tax, and this legislation will significantly limit its impact on the middle class."

Herger concluded, "I will continue to actively work to lower taxes and further establish a tax code that fosters--rather than stifles--economic growth. Pro-growth policies have helped turn a stagnant economy at the turn of the century into a robust and job creating economy today. They must be continued, and the Tax Increase Prevention Act does just that."

The Senate is expected to consider H.R. 4297 later this week. Provided it passes the measure, President Bush is expected to sign it into law.

The following is Congressman Herger's floor speech in support of the Tax Increase Prevention and Reconciliation Act. Video and audio of it can be accessed at:  
<http://www.house.gov/herger/images/CWHTaxCuts-5-10-6.rm>

*Mr. Speaker, I rise in strong support of the tax relief before us.*

*Of the major provisions of the tax reconciliation, two particularly stand out as encouraging economic expansion and continuing job creation - the two-year extension of the current, 15 percent capital gains and dividends rates, and the continuation (of) section 179 expensing limits.*

*I have long supported enhanced small business expensing through legislation, and I'm pleased this provision was included in the final bill. Studies show that a majority of small firms benefit from expensing, helping to speed up cost recovery on new investment, contributing to small business growth. Since small businesses provide roughly two-thirds of new job creation in the United States, such growth translates into new jobs for Americans.*

*I've also heard from Northern California seniors about the importance of capital gains and dividends to their retirement income. And they're not alone. Future tax rates on investment earnings affect the decisions that families and businesses make today. Extending the lower rates for capital gains and dividends provides tax certainty, helping to boost investment. For proof we need look no further than today's Dow Jones Industrial Average, again reaching historic highs.*

*According to a Wall Street Journal piece from a few days ago, capital gains tax federal receipts rose 79 percent after the new rates went into effect in 2003. Dividend tax receipts rose 35 percent. This is further evidence that the lower rates actually produce increased revenues.*

*Mr. Speaker, I urge everyone's support.*

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