



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

May 14, 2003
(Senate)

STATEMENT OF ADMINISTRATION POLICY

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

S. 1054 - Jobs and Growth Tax Act of 2003

(Sen. Grassley (R) Iowa)

On January 7th, President Bush announced his Jobs and Growth plan to strengthen the American economy. It is a balanced plan to encourage consumer spending and boost the economic recovery and job creation by promoting investment by individuals and businesses. The Administration estimates that the plan would help create 1.4 million new jobs by the end of 2004. Over the past four months, the need to enact the President's plan to create jobs and encourage economic growth has become more urgent.

The Administration supports Senate passage of S. 1054. As reported by the Senate Committee on Finance under Chairman Grassley's leadership, S. 1054 includes all the elements of the President's Jobs and Growth plan. The bill accelerates the income tax rate reductions, marriage penalty relief, and increased child credit enacted in the Economic Growth and Tax Relief Reconciliation Act of 2001. The legislation also increases small business expensing and reduces the double taxation of dividends. Action on this bill is an important step toward enacting legislation that would help the economy create new jobs today while permanently raising the wages and living standards of American workers now and in the future.

The Administration is carefully examining numerous other amendments included in the committee-reported bill that are not part of the President's plan. The Administration intends to work with the Congress in crafting a final bill that best embodies the objectives and priorities the President laid out four months ago -- including the elimination of double taxation on dividends -- to strengthen job creation and economic growth to the greatest extent possible.

Pay-As-You-Go Scoring

The Budget Enforcement Act's pay-as-you-go requirements and discretionary spending caps expired on September 30, 2002. The Administration supports the extension of these budget enforcement mechanisms in a manner that ensures fiscal discipline and is consistent with the President's budget. The Administration will work with Congress to meet the President's objectives to grant tax relief to all income tax paying Americans.

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