



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

June 4, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 4800 - Permanent Expansion of the Adoption Credit and Adoption Assistance Programs
(Rep. Camp (R) Michigan)

The Administration strongly supports House passage of H.R. 4800. The Administration is particularly pleased that the House is acting now to make an important part of the President's tax relief plan permanent. Making the tax relief for adoptions permanent will provide financial relief to families taking this important step and will ensure that families can make long-term plans for adoptions at the times that best suit their needs. Adoption is a wonderful way to build a family and to provide a loving permanent family to a child in need.

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 further long-term economic growth. Key elements of this relief are: 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; a reduction in the marriage penalty; and extension and expansion of the adoption credit and the exclusion from income for employer-provided adoption assistance.

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 4 would see their taxes increase by \$1,866 if the President's tax cut were not extended. Failure to make the tax relief for adoptions permanent would increase taxes by \$647 million.

The Administration urges quick action in the Congress to reduce the financial burden of families undertaking adoption by making the tax relief for adoptions 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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