



April 28, 2004
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4181 – Permanent Marriage Penalty Relief Act

(Rep. Gerlach (R) Pennsylvania and 61 cosponsors)

The Administration strongly supports H.R. 4181, which would permanently extend marriage penalty relief that was originally enacted in 2001. The Administration is pleased that the House is acting now to make this important part of the President's tax relief plan permanent.

The President has called on Congress to make the provisions of 2001 and 2003 tax relief program permanent to prevent tax increases from hitting America's families, small businesses, investors, farmers, and seniors. Tax relief has greatly helped the economy weather the storms of recent years and fueled the economic recovery underway today. Making this tax relief permanent will lay the foundation for sustained economic growth and job creation over the long term and enable taxpayers to better plan for their future.

Unless Congress acts by the end of this year, marriage penalty relief will expire along with two other provisions of the President's tax relief program -- the increase in the child tax credit to \$1,000 and the increase of the income threshold for the 10 percent tax rate. In addition, relief from the individual Alternative Minimum Tax also will expire at the end of this year unless Congress acts.

Marriage penalty relief is a cornerstone of the President's tax relief program for America's families. Failure to extend marriage penalty relief at the 2004 levels would increase taxes, on average, by \$310 for 28 million married couples. It does not make sense to tax marriage when we need to encourage marriage and stable families. Making the marriage penalty tax relief permanent will help the economy continue to grow and create jobs, will continue to help families financially, and will greatly reduce the unintended and unfortunate bias in the tax code against married families.

While the President is committed to extending his entire tax relief plan permanently, it is particularly important that the Congress take quick action to preserve marriage penalty relief, the increase in the child credit, the expansion of the 10 percent tax bracket, and the Alternative Minimum Tax relief before they expire at the end of this year.

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