



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

June 18, 2003
(House)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 8 - Death Tax Repeal Permanency Act
(Rep. Dunn (R) Washington and 207 cosponsors)

The Administration strongly supports House passage of H.R. 8. The Administration is pleased that the House is acting now to make an important part of the President's tax relief plan permanent.

The Economic Growth and Tax Relief Reconciliation Act of 2001 provided well-timed and much needed tax relief to the American people, shortening the recession that had just begun and strengthening the foundation for a lasting recovery. Key elements of this relief included: a reduction in income tax rates, including a new low 10-percent rate; an increase in the child tax credit from \$500 to \$1,000 per child; a reduction in the marriage penalty; and elimination of the unfair 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 and farms. Unfortunately, the provision of the 2001 Act to repeal the death tax expires at the end of 2010, creating significant uncertainty for family estate planning. Its permanent elimination today would relieve thousands of family businesses, farms, and ranches of the excessive costs of tax compliance. The permanent repeal of the death tax would mean that many more family businesses would be preserved and could thrive as a source of continuing job creation and economic growth.

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

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

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.

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