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**Subject:** FACT SHEET: Tax Relief is Strengthening Our Economy  
[Tax Relief Fact Sheet 2-9-04.pdf](#)

## **TAX RELIEF IS STRENGTHENING OUR ECONOMY**

### **TODAY S PRESIDENTIAL ACTION**

- **President Bush visited SRC Automotive in Springfield, Missouri, to meet with workers and small business owners and discuss the state of America s economy and the need to continue to provide tax relief to America s families and small businesses.**
- **New job figures released last week and other recent indicators show that America s economy is strong and getting stronger, and that the President s Jobs and Growth plan is working.** According to the payroll survey, 112,000 new jobs were created in January - the largest monthly increase since December 2000 - and 366,000 jobs have been added over the last 5 months. The national unemployment rate in January of 5.6% continues the steady decline from 6.3% in June 2003 - the fastest 7-month decline in nearly a decade. According to the household survey, at 5.6%, the unemployment rate is below the average of the 1970s, 1980s, and 1990s.
- **The President s pro-growth policies are working, but he will not be satisfied until every American looking for work has found a job.** The President has outlined a six-point plan for building on the success of his Jobs and Growth agenda to create even more job opportunities for America s workers including: making health care costs more affordable and predictable; reducing the burden of lawsuits on our economy; ensuring an affordable, reliable energy supply; streamlining regulations and paperwork requirements; opening new markets for American products; and enabling families and businesses to plan for the future with confidence by making tax reductions permanent.

### **BACKGROUND ON TODAY S PRESIDENTIAL ACTION**

**In the past three years, President Bush has proposed and signed into law three bills reducing the tax burden on American families and small businesses to spur savings, investment, and job creation.**

#### **I. ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT *(Signed into law on June 7, 2001)***

- Reduced tax rates, including a new 10 percent tax bracket, for every American who pays income taxes
- Increased the child tax credit to \$1,000 by 2010
- Reduced the marriage penalty beginning in 2005
- Phased out the death tax

- Increased education tax benefits
- Expanded pension and saving opportunities

## **II. JOB CREATION AND WORKER ASSISTANCE ACT** *(Signed into law on March 9, 2002)*

- Provided 30-percent bonus depreciation for business investment in new equipment
- Provided emergency tax relief to New York and other areas affected by the terrorist attacks of September 11, 2001

## **III. JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT** *(Signed into law on May 28, 2003)*

- Accelerated income tax rate reductions effective January 1, 2003
- Expanded the 10 percent bracket effective January 1, 2003
- Increased the child credit to \$1,000 effective January 1, 2003
- Reduced the marriage penalty effective January 1, 2003
- Quadrupled small business expensing from \$25,000 to \$100,000
- Increased bonus depreciation for businesses to 50 percent through 2004
- Reduced the top tax rate on dividends and capital gains to 15 percent

**Repealing these laws would result in an immediate *tax increase* on American families and businesses. For example, if none of the President's tax relief had been enacted, in 2004:**

- 111 million Americans would pay, on average, \$1,586 more in taxes;
- 81 million women would pay, on average, \$1,878 more in taxes;
- 49 million married couples would pay, on average, \$2,602 more in taxes;
- 43 million families with children would pay, on average, \$2,090 more in taxes;
- 11 million single women with children would pay, on average, \$921 more in taxes;
- 14 million elderly individuals would pay, on average, \$1,883 more in taxes;
- 25 million small businesses would pay, on average, \$3,001, more in taxes; and
- Nearly 5 million individuals and families who currently have no income tax liability would become subject to the income tax.

**The cumulative benefit of these three laws for family budgets and business investment is significant. Under these laws, last year:**

- A family of four earning \$40,000 saw tax relief of \$1,933;
- 25 million small business owners saved an average of \$2,853; and
- 26 million investors saved an average of \$798 from lower rates on dividends and capital gains, including 7 million seniors who will save an average of \$1,088.

**The cumulative effect on the economy is just as strong, laying the groundwork for increased economic growth and job creation. According to the Department of the Treasury, by the last quarter of 2003, the tax relief signed by President Bush had:**

- Reduced the unemployment rate by nearly 1 percentage point below where it would have been otherwise;



- Increased the jobs available to Americans by as many as 2 million; and
- Increased real GDP by as much as 3 percent.

**President Bush has called on Congress to act now to make this tax relief permanent. Failure to permanently extend these tax cuts would dramatically increase the burden on American taxpayers in future years:**

- In 2005, the increased child credit, additional marriage penalty relief, and expanded 10-percent bracket will sunset, increasing the tax burden on a family of four earning \$40,000 by \$915;
- In 2006, allowable small business expensing will shrink from \$100,000 to just \$25,000, increasing the cost of capital investments for America's small businesses;
- In 2009, the top tax rate on dividends will increase from 15 to 35 percent, while the tax on capital gains will climb from 15 to 20 percent, raising the tax burden on retirees and families investing for their future; and
- In 2011, the rate relief, new 10-percent tax bracket, death tax repeal, marriage penalty relief, and all the remaining tax relief enacted over the past three years will sunset, resulting in tax increase for every American man or woman who pays income taxes.

# TAX RELIEF IS STRENGTHENING OUR ECONOMY

## TODAY'S PRESIDENTIAL ACTION

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- Reduced the marriage penalty effective January 1, 2003
- Quadrupled small business expensing from \$25,000 to \$100,000
- Increased bonus depreciation for businesses to 50 percent through 2004
- Reduced the top tax rate on dividends and capital gains to 15 percent

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**The cumulative effect on the economy is just as strong, laying the groundwork for increased economic growth and job creation. According to the Department of the Treasury, by the last quarter of 2003, the tax relief signed by President Bush had:**

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