

WASHINGTON WATCH®

THE TAX PLAN COMETH

Tax cut fever has broken out in our nation's capital — and America's often-overlooked families with children stand to be the primary beneficiaries. In the coming weeks, the House is expected to move quickly on a Republican proposal to offer taxpaying families \$500 in per-child tax relief. The House GOP's \$500 credit is the centerpiece of The American Dream Restoration Act, one of the 10 bills that comprise the much-publicized Contract with America. This Act also includes provisions to address the tax code's marriage penalty and to create special tax-favored savings accounts for home purchases and college tuition expenses.

All Cuts Equal?

Passage of the Republican plan in the House is considered likely, even though House Democrats plan to rally around a proposal recently unveiled by President Clinton or one sponsored by minority leader Dick Gephardt.

Both of the Democratic plans offer relief to fewer families with children than the GOP plan. Both Gephardt and Clinton criticize the GOP plan for threatening to increase the deficit and for offering increased per-child benefits to Americans with six-figure incomes. Republicans counter that the Democratic proposals will only increase the tax code's inequitable treatment of children. For example, the Clinton proposal provides no tax relief for families with children age 13 and over, and its \$500-per-child tax credit phases out completely for families with annual income of \$75,000 or more. Moreover, the Clinton tax cuts would be phased in over a several-year period.

Finally, the Clinton proposal provides new tax deductions for expenses associated with job training and college education.

In the Senate, prospects for pro-family tax relief are less certain. Texas Senator Phil Gramm has weighed in with a plan to double the existing tax

exemption for children, but his proposal has met with little enthusiasm from some key GOP leaders, most especially Oregon Senator Bob Packwood, who chairs the powerful Senate Finance Committee. Some senators are concerned that pro-family tax relief will increase the deficit and cause interest rates to rise. But so long as tax cuts are offset by corresponding spending reductions (something GOP tax cut proponents have pledged to do), these concerns should be allayed.

"SIGNIFICANT PRO-FAMILY TAX RELIEF IS LONG OVERDUE. . . ."

Given the emphasis placed on per-child tax relief in the last two election campaigns, it is unlikely that Congress will fail to pass some type of tax relief bill

this year. The more likely threat is that lawmakers who are unenthusiastic about allowing families to keep more of the money they earn will succeed in watering down the House GOP plan. Indeed, significant White House and Congressional attention is already being given to lowering the dollar value of per-child tax savings and to limiting the income range of eligible recipients.

Full Speed Ahead

It would be tragic for the Congress to scale back its commitment to pro-family tax relief — especially since the typical family of four has seen the portion of its income paid in federal taxes rise from two percent in 1948 to 25 percent today.

It would also be tragic because proposals to adopt pro-family tax relief have been kicked around for the last 10 years. In fact, most of the proposals now being considered bear a strong resemblance to plans developed by President Reagan's 1986 White House Working Group on the Family (chaired by Gary Bauer) and the bipartisan 1991 National Commission on Children (on which then-Governor Bill Clinton served).

Clearly, significant pro-family tax relief is long overdue. Let's hope promises made in last year's Congressional campaigns are not broken.

What You Can Do

Call or write your elected officials and encourage them to support passage of a \$500 per-child tax credit that goes to *all* taxpaying families with children under 18. The capitol switchboard is (202) 225-3121 (House) and (202) 224-3121 (Senate).

.....

FOR CURRENT
LEGISLATIVE INFORMATION
DIAL 1-202-783-HOME.
MESSAGE UPDATED
EVERY FRIDAY.

INSIDE

Clinton Limits Human Embryo Research	Page 2
Opting for Opting-In in Sex Education	Page 2
Marrying the Family to Welfare Reform	Page 3
Casey's Slippery Slope in Oregon	Page 3
Gary Bauer: The School Prayer Dilemma	Page 4
AIDS and Abortion at the FDA	Page 4