

Family



Research Council

Gary L. Bauer, President

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Dear Friend:

As summer comes to a close, I have some good news to report from Washington -- for a change! After a 10-year struggle, the pro-family movement has scored a giant victory on tax relief! This victory, which I describe in detail below, came against great odds and against the initial opposition of virtually the entire political establishment. I want you to know what this victory means for your family, how it came about, and how we can -- and must -- build on this success to help secure the financial future of America's families. I also have some exciting news to share regarding FRC's success on another important project designed to equip our future leaders to meet the challenges our nation will face in the next century.

First -- the good news on taxes. The tax relief bill was part of the budget deal approved by the Republican-controlled House and Senate and signed into law by Bill Clinton on August 5. Even though the bill has some major flaws that I have criticized, it also includes much that we can celebrate. Here are the major pro-family benefits of this new law:

- Starting in calendar year 1998, parents will be able to claim a \$400 tax credit for each of their children under age 17, with no limit on the number of children who can be claimed. Unlike a tax deduction, which only reduces taxable income, this tax credit will allow parents to subtract \$400 per child *directly* from the amount of federal income tax owed. This tax credit is an addition to the already-existing personal exemption.
- In 1999 and in subsequent years, this tax credit will rise to \$500 per child. To enjoy the benefit of the per-child tax credit next year, you may want to ask your employer to reduce the amount of your regular income tax withholding.
- The per-child tax credit will apply to most working families in America (couples collectively making less than \$110,000 a year) and will cover some 41 million children.