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Subseries:	Subject Files

OA/ID Number:	21807
Folder ID Number:	21807-018

Folder Title:
Family Tax Credit

Stack:	Row:	Section:	Shelf:	Position:
G	34	6	5	4

Family

Tax

Credit

Document Originally
Attached to
Following Page

Washington, DC 20515
(202) 225-5136

Constituent Services Offices:

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McLean, VA 22102
(703) 734-1500

19 East Market Street
Leesburg, VA 22075
(703) 777-4422

Metro Number
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Congress of the United States
House of Representatives
Washington, DC 20515

Select Committee on Children, Youth and Families

Commission on Security and Cooperation in Europe

PLEASE DELIVER IMMEDIATELY

FACSIMILE TRANSMISSION
FROM THE OFFICE OF
THE HONORABLE FRANK R.WOLF

COVER SHEET INFORMATION

To: Richard Porter

Date: 8/25/92

Number of Pages(Including Cover Sheet): 5

Fax Number: 456-6216

COMMENTS: Family tax info

If there are problems transmitting, please contact:

Sender: BJ Comstock

Telephone Number: 202-225-5136

M E M O

To: Richard Porter

From: B.J. Comstock

Re: Family Tax Cuts

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Either of these measures would provide a good offensive alternative to the upcoming "family leave" debate. I think it might be worth exploring a combination of increasing the exemption or a new child credit with medical savings accounts that could be used both for medical costs and family leave - this would be much like the Family Savings Account concept the President proposed last year (or was it this year?)

Congress of the United States
JOINT COMMITTEE ON TAXATION
1015 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6453
(202) 225-3621

CVF

JUL 11 1991

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Honorable Frank R. Wolf
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Wolf:

This is a partial response to your request dated February 19, 1991, for revenue estimates of several individual income tax proposals. Specifically, this letter responds to your proposals to increase the personal exemption amount for dependents under 18 years of age.

Under present law, the projected personal exemption amount for 1992 is $2,300. Your proposals would increase the 1992 personal exemption amount for dependents under the age of 18 as described in the following table. Note that these amounts would be indexed for inflation. For estimation purposes, the proposals are assumed effective for taxable years beginning after December 31, 1991:

Item	Fiscal Years [Billions of Dollars] 1992	1993	1994	1995	1996	1992-96
Increase exemption for dependents under 18 years of age to:						
$3,000 (indexed).........	-3.9	-8.2	-8.8	-9.5	-10.1	-40.5
$4,000 (indexed).........	-8.5	-17.8	-19.1	-20.6	-22.1	-88.1
$5,000 (indexed).........	-13.3	-27.3	-29.8	-30.7	-32.6	-133.7
$6,000 (indexed).........	-17.9	-36.7	-38.6	-40.6	-43.0	-176.8
Increase exemption for dependents under 18 years of age to $3,000 in 1992, $4,000 in 1993, $5,000 in 1994, $6,000 in 1995, and index thereafter...........	-3.9	-12.7	-22.6	-32.0	-37.6	-108.8

I hope this information is helpful to you. Please let me know if we can provide further assistance.

Sincerely,

Harry L. Gutman

Harry L. Gutman

1992 Platform

Most parents prefer in-home care of their children but often encounter government obstacles. Republicans will promote in-home care by allowing payment annually, instead of quarterly, of income taxes by employees and withholding taxes by employers. Our proposals for tort reform, now blocked by the Democrat Congress, will prevent excessive litigation that hampers the growth of child care opportunities. By taking care of our children, we are taking care of our future.

FAMILY SECURITY. Over the last several decades, liberal Democrats have increasingly shifted economic burdens onto the American family. Indeed, the liberal Democrat tax-and-spend policies have forced millions of women into the workplace just to make ends meet. Because of their policies in Congress, fathers and mothers have a tougher time bringing home what they work so hard for.

Between 1948 and 1990, under the Democrat-controlled Congress for most of those years, federal taxes on the average family of four rose from two percent to 24 percent of income. When State and local levies are included, the tax burden exceeds one-third of family income. The increase in the effective federal tax rate since 1950 has now swallowed up an ever-increasing share of a family's earnings. Instead of working to improve their family's standard of living, they must work to feed government's gluttonous appetite.

This is a scandal. In the 1980s, two Republican Presidents kept Democrats from making matters worse. Presidents Reagan and Bush led the way to increase the personal exemption for dependents. We pledge to go farther to restore the value, as a percentage of average household income, it had 50 years ago. The value of the dependent deduction has eroded to a fraction of its original worth to families. Republicans call for a complete restoration, in real dollars, to its original value. Rather than fatten government bureaucracies with new programs to "help" families, we want to expand the Young Child Tax Credit to $500 per child and make it available to all families with children under the age of ten.

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As a result of this popular demand for education, Americans have created the most extensive and widely accessible educational system in the world. The people have insisted that primary responsibility for education properly remain with families, communities,

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SELECT COMMITTEE ON CHILDREN, YOUTH AND FAMILIES
COMMISSION ON SECURITY AND COOPERATION IN EUROPE

PLEASE DELIVER IMMEDIATELY

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COVER SHEET INFORMATION

To: Richard Porter

Date: 8/25/92

Number of Pages(Including Cover Sheet): 2

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SEP 25 1991

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Dear Mr. Wolf:

This is in response to your request dated August 26, 1991, for a revenue estimate of your proposal, the Young Child Tax Credit. Specifically, your proposal would replace the present-law young child component of the earned income tax credit (EITC) with a new credit.

Under present law, the young child component of the EITC provides a credit equal to 5 percent of earnings up to $7,570 (projected 1992 level) for qualifying families with children under the age of 1 year. The credit is phased out for those taxpayers with earnings in excess of $11,920 (projected 1992 level). Your proposal would replace this young child component of the EITC with a refundable credit equal to 5 percent of earned income up to $10,000 (indexed) for each dependent child under the age of 5 years. The proposed credit would phase out ratably over the range of $50,000 to $60,000 of earned income.

Assuming an effective date of taxable years beginning after December 31, 1991, we estimate that your proposal would have the following effect on Federal fiscal year budget receipts:

Fiscal Years (Billions of Dollars)					
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