

# *Economic Legislative Monitor*

***Congressman Jim Nussle***

***Manchester, Iowa***

Summer 2006

## ***Jim Nussle's Agenda ...***

***Expand Iowa's  
Economy to  
Create Jobs***

***Improve Iowa  
Education and  
Expect Better Results***

***Access to Quality  
Health Care for All  
Iowans***

***Secure Our Nation  
and Support Our  
Troops***

***Strengthen Iowa's  
Agriculture and  
Encourage Fair  
Trade***

***Responsible Budgets  
and Common-Sense  
Taxation***

***Promote Iowa as an  
Energy State***

***Retirement Security  
for All Iowans***

***Honor Promises  
Made to Iowa's Vet-  
erans***

## **Nussle Agenda to Expand Iowa's Economy to Create Jobs**

*"A vibrant economy leads to the economic security and prosperity that Iowans work hard to provide for themselves and for their families. Encouraging continued economic expansion will help provide more good jobs for Iowans. Common-sense taxation policies can support growth for our businesses. Reforming the legal system to eliminate lawsuit abuse would lift a critical burden. We should also invest in transportation and technology, and increase demands for Iowa's products around the world."*

**Jim Nussle**

**Jim is working to achieve a positive legislative agenda for Iowa's economy. Jim has worked on Iowa's economic priorities since coming to Congress and will continue to work on these goals in the 109<sup>th</sup> Congress.**

### **Goals to Grow Our Economy to Create Jobs:**

1. Focus on Providing New, Good Jobs for Iowans
2. Close Corporate Loopholes to Keep Jobs in Iowa
3. Encourage Economic Growth and Stability
4. Use Tax Incentives to Stimulate Individual and Business Investment
5. Enact Fiscally Responsible Highway Legislation
6. Modernize Iowa's Locks and Dams
7. Expand Trade to New World Regions

**To achieve these goals, Jim has sponsored and co-sponsored many pieces of legislation to grow our economy. As the House Budget Committee Chairman, he has written many items into his budget. You will find more details on the following pages.**

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**Nussle's Economic Agenda Legislation:****Tax Increase Prevention and Reconciliation Act (H.R. 4297)**

Prevents the Jobs and Growth Reconciliation Tax Act's tax fairness and economic growth initiatives from expiring. Provisions included:

- Extends relief from the Alternative Minimum Tax through 2006.
- Extend the reduction of the tax rate on dividends and capital gains to 5 percent for taxpayers in the lowest tax brackets and to 15 percent for all other taxpayers.
- *The conference report was approved by the Congress on May 11, 2006. Signed into law by the President on May 18, 2006.*

**Working Families Tax Relief Act (H.R. 1308)**

Prevents unnecessary tax increases on Iowa families by extending critical tax relief through 2010. Specific Provisions include:

- Extension of the marriage penalty relief enacted in 2001.
- Extension of the child tax credit.
- Extension of the expanded 10 percent tax bracket.
- Extends relief from the Alternative Minimum Tax through 2005.
- Continues other important provisions including the R&D tax credit, renewable energy tax credits for wind and biomass, the Work Opportunity Tax Credit (WOTC), and a \$250 credit for teachers' classroom expenses.
- *The conference report was approved by the Congress on Sept. 23, 2004. Signed into law by the President in Des Moines on October 4, 2004.*

**Jobs and Growth Reconciliation Tax Act (H.R. 2)**

Provides important tax relief to Iowa's individuals and businesses to create jobs and generate economic growth. Specific provisions include:

- Business and investment incentives including increases in the amount small businesses can expense and a bonus depreciation increase.
- Acceleration of several tax relief initiatives first approved in 2001 for individuals, including an increase of the child credit to \$1000, expansion of the 10 percent bracket, marriage penalty relief and individual rate cuts.
- A reduction of the tax rate on dividends and capital gains to 5 percent for taxpayers in the lowest tax brackets and to 15 percent for all other taxpayers.
- \$20 billion in aid to states for Medicaid and other programs.
- *Approved by Congress and into law on May 28, 2003.*

**Economic Growth and Tax Relief Reconciliation Act**

- *Approved by Congress and signed into law on June 7, 2001.*

**Marginal Rate Reductions**

- Creates new rate structure: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent.
- Gives lump-sum refund of \$300 for single taxpayers, \$500 for single parents, and \$600 for married taxpayers.
- New 10 percent rate effective January 1, 2001, on first \$6,000 (singles) and \$12,000 (couples).
- Repeals personal exemption (PEP) and itemized deductions phase-outs beginning in 2006.

**Death Tax Repeal**

- Repeals the death tax in 2010 and phases in increase in the unified credit to \$4 million in 2009.

**Marriage Penalty Repeal**

- 15 percent bracket widened to twice that of singles.
- Eliminates marriage penalty in the standard deduction for non-itemizers.

**Child Tax Credit Expansion**

- Doubles the child credit from \$500 to \$1,000 (\$600 in 2001-'07, \$700 in '08, \$800 in '09, \$1,000 in '10).

**Retirement Savings**

- Increases IRA contributions from \$2,000 to \$5,000.
- Increases 401(k) and other tax-deferred contribution limits from \$10,500 to \$15,000.
- Allows IRA catch-up contributions.
- Modifies Section 415 aggregation rules for multi-employer plans.

**Education Incentives**

- Increases Education Savings Accounts (ESAs) from \$500 to \$2,000 and expands to K-12 public and private education.
- Allows above-the-line deduction for higher education expenses.
- Allows private institutions to offer pre-paid tuition plans.
- Makes permanent employer-provided educational assistance exclusion.

**Alternative Minimum Tax**

- Adjusts the Alternative Minimum Tax (AMT) to prevent taxpayers from losing benefits of tax reductions in the bill.

### **Fair Trade for Economic Development**

#### **American Jobs Creation Act (H.R. 4520)**

- Ends unfair sanctions on certain U.S. businesses that sell goods in overseas markets.
- Lowers taxes on small businesses to improve their efficiency and productivity to create jobs.
- *Approved by Congress and signed into law on October 22, 2004.*

#### **Trade Act of 2002**

- Authorizes Presidential negotiation authority which facilitates international trade allowing the President to make agreements that can be approved by Congress without amendments.
- Includes assistance for workers and businesses that are negatively impacted by changes in the economy due to unfair trade.
- Helped to create four new Free Trade Agreements since enactment.
- *Approved by Congress and signed into law on August 2, 2002.*

### **More Jobs through Infrastructure Development**

#### **Transportation Equity Act: A Legacy for Users "TEA-LU" (H.R. 3)**

- Provides \$286.4 billion for highway and transit programs.
- Includes critical funding for a number of Iowa transportation priorities including the I-74 bridge in the Quad Cities, Julien Dubuque Bridge and Southwest Arterial in Dubuque and Liberty Square in Clinton.
- *Approved by Congress on July 29, 2005. The President signed this bill into law on August 10, 2005.*

#### **Energy Policy Act (H.R. 6)**

- Bolsters our national security by reducing our dependence on foreign oil.
- Encourages domestic energy production and better energy conservation measures.
- H.R. 6 includes many provisions introduced as part of Rep. Nussle's Energy Independence Act (H.R. 4652).
- Creates a Renewable Fuels Standard (RFS) **to increase the demand for ethanol and biodiesel to 7.5 billion gallons per year by 2012.**
- *Approved by Congress on July 30, 2005. The President signed this bill into law on August 8, 2005.*