RSC
Republican Study Committee
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Legislative Bulletin……………………………………..…April 28, 2004

Contents:

Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: 0
Year to Date Prior to Today's Bills: 17

Total Cost of Discretionary Authorizations: $0
Year to Date Prior to Today's Bills: At least $199.0 billion[#], over five years

Total Amount of Revenue Reductions: $15.37 billion over five years
Year to Date Prior to Today's Bills: $9.8 billion over five years

Total Change in Mandatory Spending: There are likely some outlays associated with the extension of the EITC portion of the Marriage Penalty Bill.
Year to Date Prior to Today's Bills: $474 million over five years

Total New State & Local Government Mandates: 0
Year to Date Prior to Today's Bills: 11[#]

Total New Private Sector Mandates: 0
Year to Date Prior to Today's Bills: 11

[#] This figure does not include H.R. 3873, the Child Nutrition Improvement and Integrity Act. A CBO analysis of this bill is not yet completed.

H.R. 2538 — Wilkie D. Ferguson, Jr. United States Courthouse Designation Act (*Meek*)

Order of Business: The bill is scheduled for consideration on Wednesday, April 28, 2004, under a motion to suspend the rules and pass the bill.

Summary: H.R. 2538 would designate the U.S. Postal Service facility located at 400 North Miami Avenue in Miami, Florida, as the "Wilkie D. Ferguson, Jr. United States Courthouse."

Additional Background: According to the committee report, in 1973, Wilkie Ferguson became a judge on the Court of Industrial Claims, where he served until 1976 when he became a judge on the Circuit Court for the 11th Judicial Circuit of Florida. He served on the Circuit Court bench from 1976 until 1980. From 1980 to 1993, he served on the Third District Court of Appeals for Florida, until in 1993, he was appointed by President Clinton to the United States District Court for the Southern District of Florida. Prior to becoming a judge, he served in the U.S. Army, received his law degree from Howard University, and worked in Greater Miami's Legal Services. Judge Ferguson died in 2003 of leukemia.

Committee Action: The bill was introduced on June 19, 2003. On February 25, 2004, the House Committee on Transportation and Infrastructure marked up and, by unanimous consent, ordered the bill reported to the full House.

Cost to Taxpayers: The only costs associated with a postal facility renaming are those for sign and map changes, none of which significantly affect the federal budget.

Does the Bill Create New Federal Programs or Rules?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: The Committee on Transportation and Infrastructure, in Report No. 108-448, finds authority under Article I, Section 8 (Clause 7 of the Constitution grants Congress the authority to "establish Post Offices and post Roads").

Staff Contact: Sheila Moloney, sheila.moloney@mail.house.gov, (202) 226-9719.

H.Con.Res. 376 — Authorizing the use of the Capitol Grounds for the Greater Washington Soap Box Derby (*Hoyer*)

Order of Business: The bill is scheduled for consideration on Wednesday, April 28, 2004, under a motion to suspend the rules and pass the bill.

Summary: Under the bill, the Greater Washington Soap Box Derby Association is permitted to sponsor the soap box derby races on the Capitol Grounds on June 19, 2004.

Additional Background: The Greater Washington Soap Box Derby is sponsored by WANADA (Washington Area New Automobile Dealers Association) and other Washington area dealers and businesses. This 63-year-old annual event offers motorless racing competition for children, aged nine to 16 that build their own cars. For more information: http://www.dcsoapboxderby.org/

Committee Action: The bill was introduced on March 2, 2004. On March 24, 2004, the House Committee on Transportation and Infrastructure marked up and, by unanimous consent, ordered the bill reported to the full House.

Cost to Taxpayers: Because it would require that the Greater Washington Soap Box Derby Association assume responsibility for all expenses and liabilities associated with the event, CBO estimates that passage of H.Con.Res. 376 would result in no significant cost to the Federal Government.

Does the Bill Create New Federal Programs or Rules?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

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S. 2043—Ronald Reagan Federal Building Designation Act (Sen. Specter)

Order of Business: The bill is scheduled for consideration on Wednesday, April 28th, under a motion to suspend the rules and pass the bill.

Summary: S. 2043 would designate the federal building located at 228 Walnut Street, Harrisburg, Pennsylvania, as the "Ronald Reagan Federal Building."

Additional Background: See RSC fact sheet on President Reagan at: http://johnshadegg.house.gov/RSC/Reagan.PDF

Committee Action: S. 2043 passed the Senate by unanimous consent on March 12, 2004. The bill was referred to the House Committee on Transportation and Infrastructure, but was not considered.

Cost to Taxpayers: The only costs associated with a building renaming are those for sign and map changes, none of which significantly affect the federal budget.

Does the Bill Create New Federal Programs or Rules?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing constitutional authority is not available.

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H.Con.Res. 388—Authorizing the use of the Capitol Grounds for the National Peace Officers' Memorial Service (LaTourette)

Order of Business: The resolution is scheduled for consideration on Wednesday, April 28th, under a motion to suspend the rules and pass the bill.

Summary: H.Con.Res. 388 authorizes the use of the Capitol grounds for the National Peace Officers' Memorial Service on May 15, 2004.

Additional Background: The annual National Peace Officers' Memorial Service honors federal, state, and local law enforcement officers killed in the line of duty during the previous year. For more information, click here: http://policeweek.org/history.html.

Committee Action: The Transportation and Infrastructure Committee approved H.Con.Res. 388 by unanimous consent on March 24, 2004.

Cost to Taxpayers: The resolution has no cost. The resolution requires the sponsors of the event to assume full responsibility for all expenses and liabilities associated with the event.

Does the Bill Create New Federal Programs or Rules?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

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H.R. 3170—Increased Capital Access for Growing Business Act (Kelly)

Order of Business: The bill is scheduled to be considered on Wednesday, April 28th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 3170 would amend the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(46)(C)) to expand the definition (and thereby increase the number) of small, publicly-traded companies in which business development companies (BDCs) could invest. The aggregate value of an eligible company's outstanding publicly traded equity securities could not exceed $250 million (subject to revision by the Securities and Exchange Commission and to extension to $500 million under certain circumstances). In short, this bill would offer more investment opportunities in small businesses.

Committee Action: The bill was referred to the Financial Services Committee on September 24, 2003, and to the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises on October 3, 2003, but neither entity took any official action.

Cost to Taxpayers: The Budget Committee reports that this bill might insignificantly reduce federal revenues, since "certain provisions of the tax code key off definitions in securities law that the bill modifies."

Does the Bill Create New Federal Programs or Rules?: No, it would adjust existing investment rules.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

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H.R. 4181—To amend the Internal Revenue Code of 1986 to permanently extend the increased standard deduction, and the 15-percent individual income tax rate bracket expansion, for married taxpayers filing joint returns (Gerlach)

Order of Business: The bill is scheduled to be considered on Wednesday, April 28th, subject to a modified closed rule (H.Res. 607). See below for the amendment made in order under the rule. If the rule is adopted, it will automatically add to the base bill a provision making permanent the increase in the phase out of the earned income tax credit (EITC) for joint filers, threby reducing the marriage penalty contained in the EITC.

Summary: H.R. 4181 would *permanently* extend the increased standard deduction and the expansion of the 15% individual income tax rate bracket for married taxpayers filing joint returns and for surviving spouses. These provisions were originally enacted as part of the 2001 Bush tax cut (Public Law 107-16), were accelerated in last year's tax cut (Public Law 108-27), and are set to expire at the end of 2004.

Currently, the standard deduction for married couples as a percentage of the standard deduction for singles is 200%, which will decrease to 174% in 2005 without legislative action (thereby reinstating a marriage penalty). This percentage would then gradually rise back up to

200% by 2010 and decrease to 167% in 2011 (again reinstating a marriage penalty). H.R. 4181 would set this percentage at 200% permanently.

Currently, the top end of the 15% marginal income tax bracket for married couples as a percentage of the top end for singles is 200%, which will decrease to 174% in 2005 without legislative action (thereby reinstating a marriage penalty). This percentage would then gradually rise back up to 200% by 2010 and decrease to 167% in 2011 (again reinstating a marriage penalty). H.R. 4181 would set this percentage at 200% permanently.

Additional Background: In order to comply with reconciliation procedures under the Congressional Budget Act of 1974 (i.e. section 313 of the Budget Act, under which a point of order may be lodged in the Senate), the original Bush tax-cut bill included a "sunset" provision, under which the law and all the tax-cut provisions in it expire at the end of 2010.

To see the other impending tax increases that will *automatically* occur without legislative action, visit this website:
http://johnshadegg.house.gov/rsc/Impending%20Tax%20Increases--Feb%202004.pdf

Amendment Made in Order under the Rule (H.Res. 607):

Rangel: **Increases taxes** by 3.6% on the portion of an individual's adjusted gross income that exceeds $500,000 and on the portion of a couple's adjusted gross income that exceeds $1 million. Makes permanent the marriage penalty provisions related to the standard deduction and 15% bracket, as in the base bill. Accelerates and makes permanent the marriage penalty relief for individuals receiving the benefits of the earned income tax credit. Ensures that the alternative minimum tax (AMT) would not deny any of the benefits in this legislation.

RSC NOTE: Because most small businesses pay taxes on the individual income tax system as opposed to the corporate tax system, the Rangel Amendment would increase taxes on small business owners. While exact figures are not available, it is likely that much of the revenue increase contained in the Rangel Amendment will be derived from small businesses. To see a fact sheet from the 2001 debate regarding small businesses and the tax code, visit: http://johnshadegg.house.gov/rsc/SmBiztp.PDF.

Committee Action: On April 21, 2004, the bill was referred to the Ways & Means Committee, but the Committee took no official action on it.

Administration Position: The Administration has called for making the tax cuts permanent.

Savings to Taxpayers: The Budget Committee reports the following:

> The Joint Committee on Taxation [JCT] has not provided a revenue estimate for H.R. 4181. The President's budget for fiscal year 2005, however, includes the same policy proposals contained in H.R. 4181. The JCT estimates that implementing these provisions in the President's budget would not affect revenue in fiscal year 2004 and would reduce revenue by $15.37 billion over fiscal years 2004-08. For purposes of the budget resolution

> expected to be agreed to for fiscal year 2005, the applicable enforcement periods would be the following: The legislation would reduce revenue by $5.415 billion in fiscal year 2005 and by $15.693 billion over fiscal years 2005-09.

The Budget Committee notes that the original bill would NOT violate either last year's or this year's budget resolution and would not cause a point of order under the Congressional Budget Act. A revenue estimate is not presently available for the earned income tax credit portion of the legislation considered as adopted under the rule. It is likely that this provision increases outlays compared to the baseline.

Does the Bill Create New Federal Programs or Rules?: The bill would make permanent certain provisions in current tax law set to expire after December 31, 2004, and after December 31, 2010.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: Though a committee report citing constitutional authority in unavailable, Article I, Section 8, Clause 1 grants Congress the power to "lay and collect Taxes, Duties, Imposts and Excises…," and the 16th Amendment grants Congress the power to "lay and collect taxes on incomes, from whatever source derived,…."

Outside Organizations: All known conservative organizations are supporting this legislation.

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