



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

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PRESS RELEASE

For Immediate Release
May 26, 1998

Press Release #105-138
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MARRIAGE PENALTY RELIEF MOVES FORWARD IN CONGRESS

--NEW JEC STUDY FOCUSES ON ISSUES AND SOLUTIONS--

WASHINGTON, D.C. -- A proposal to reduce marriage penalties will be included in the FY 1999 budget resolution to be debated in the House. A new study by the **Joint Economic Committee (JEC)**, entitled *Reducing Marriage Taxes: Issues and Proposals*, discusses marriage penalties and analyzes the various proposals that have been offered to reduce them.

The study notes, that during the past 25 years, a trend towards more two-earner couples with greater income equality between spouses has increased the average size of marriage penalties and the proportion of couples subject to them. "Increasing a couple's tax bill just because they're married is simply unfair," said **JEC Chairman Jim Saxton (R-N.J.)**. "Reducing the tax on marriage should be a top priority."

"Marriage penalties hit millions of couples across the income spectrum," said **JEC Member Tom Ewing (R-Ill.)**. "Passing marriage penalty legislation can save these families hundreds or even thousands of dollars—money that can be used for a down payment on a home or car, for educational expenses, or for several months worth of quality day care."

The study examines the three main proposals aimed at reducing marriage penalties.

- **Optional filing** would allow couples the option of filing jointly or as two singles on the same return, depending on which filing status provides them with the lower tax liability.
- **Income splitting** would adjust the differences between the joint and single tax schedules.
- **A second-earner deduction** would allow couples with two earners to deduct 10 percent of the income of the lesser earning spouse, up to a maximum deduction of \$3,000.

"It is reprehensible that the government taxes socially-responsible behavior like marriage," said **JEC Member John Doolittle (R-Calif.)**. "The government should be encouraging family formation and stability, not penalizing it. Eliminating the marriage penalty tax is the very least we can do to help families make ends meet."

In addition to the main proposals outlined above, several proposals aimed at broad-based tax reform would effectively reduce marriage penalties as well. These include an across-the-board reduction in marginal tax rates and an expansion of the 15 percent tax bracket. "The marriage penalty is just another way that the current tax code works against us instead of for us," stated **JEC Member Mac Thornberry (R-Texas)**. "The entire tax code needs to be scrapped and replaced with a system that's flatter, fairer, and easier to understand."

Couples would be affected differently by the three main proposals depending on their level and division of income. However, the proposals are similar in many ways. First, none of the proposals would eliminate all penalties for all couples, and all of the proposals would maintain (or increase) marriage bonuses. Second, all of the proposals could increase labor supply among married women. Finally, all of the proposals would be economically more efficient than the current system of joint filing because they would reduce distortions in labor supply.

For more information or a copy of this study, contact the JEC at (202) 224-5171 or view its website at www.house.gov/jec/.

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