

'Marriage Bonus' Tax Bill Passes House, Moves to Senate

Write to your U.S. Senators to Share Your Views on This Bill

On April 28, 2004, the United States House of Representatives passed HR 4181, a bill that would make permanent the temporary "marriage-bonus/marriage-penalty" laws passed by Congress in 2001. If the bill passes the Senate where it is now up for consideration, the federal income tax code will provide hefty bonuses to taxpayers because they are married.

Most tax reform legislation is now subject to a congressional "pay as you go" rule. This means that unless Congress votes to exempt a bill from the "pay as you go" requirement, the bill is dead if its passage would contribute to the nation's mammoth and growing deficit.

On April 28, 2004, the House voted 199 for and 220 against subjecting HR 4181 to the "pay as you go rule." For the next 10 years alone, the bill will cost \$105 billion.

The House then passed the bill on its merits by 323 to 95. If the Senate exempts the measure and approves it on its merits, current and future generations of unmarried taxpayers will be footing the bill. Moderate and low income single taxpayers will be subsidizing the bonus packages of middle and upper income married couples.

According to Joel Friedman, a senior fellow at the Center on Budget and Policy Priorities, before President Bush's \$1.35 trillion tax cut was enacted in 2001, the number of couples paying a marriage penalty roughly equaled the number who benefitted from a marriage bonus. A report by the Congressional Budget Office agrees with this assessment.

The 2001 tax-cut law began to phase out the marriage penalties, while at the same time it began to increase the marriage bonuses for those who already experienced them under existing law. But the 2001 marriage-penalty/marriage-bonus provisions had a "sunset clause" and would have expired in 2005. HR 4181 is intended to make those tax provisions permanent by repealing the "sunset clause."

Referring to the passage of HR 4181 and its effect on married couples, tax-expert Friedman told the Associated Press, "I feel quite certain that it certainly shifted the balance in favor of those who are receiving a marriage bonus." Translated into plain English, this means that HR 4181 is really a "marriage bonus" bonanza bill and not a "marriage penalty" elimination bill.

Representative John Tanner (D-TN) told the Associated Press that future generations can expect to pay higher taxes due to today's tax cuts and budget deficits. "You all are witnessing a generational mugging," he said.

But it is not just a generational mugging, it is a mugging of unmarried Americans. Taxpayers are either married or not --

there is no in-between when it comes to marital status and taxation. If married couples will be reaping these tax savings and bonuses for generations to come, then it must be single people who will be paying the bill in perpetuity.

The question now is whether United States Senators are willing to impose a permanent "singles penalty" into the income tax code. This may depend on whether Senators study the demographics -- we are on the verge of becoming an unmarried-majority nation in terms of our households -- and whether they are contacted by outraged unmarried voters.

One such outraged taxpayer, John Johnson, wrote to Unmarried America and challenged us to put the spotlight on this issue so that single people would be aware that they are on the verge of having a permanent singles' tax penalty imposed on them by Congress.

We accepted his challenge, with the proviso that as a tax-exempt nonprofit organization we cannot support or oppose specific legislation. However, we can report on pending legislation and encourage all voters -- married, divorced, separated, widowed, or single -- to become educated on the issues and to share their views with each of the two U.S. Senators from their home state.

So now would be a good time to speak up, or forever hold your penalty or bonus.



"Single people had better start paying attention. The lawmakers' obsession with eliminating the so-called marriage penalty -- could it be because married people tend to vote more often? -- is unaccompanied by any outrage over the singles' penalty -- the obligation of millions of single people to pay income taxes on an appallingly low level of income."

**– John O. Fox, tax attorney and author of:
If Americans Really Understood the Income Tax**