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SCHAKOWSKY COMMENDS SENATOR KENNEDY FOR CHALLENGING CONGRESS TO DELIVER ON CRITICAL INVESTMENTS BEFORE GIVING TAX CUTS TO THE WEALTHY

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today commended U.S. Senator Edward Kennedy (D-MA) following his speech where he called for a delay in future portions of the tax cut that benefit the wealthiest taxpayers until critical goals are met. Schakowsky's First Things First Act of 2001 is similar to Kennedy's proposal and would save \$340 over ten years by putting on hold certain parts of the tax cut.

"Senator Kennedy should be congratulated for his speech today and for clearly defining the critical choices that we as a nation must make. Can we afford to give seniors a prescription drug benefit, students a first rate education, protect Social Security and Medicare, and fully-fund homeland security, while giving away hundreds billions of dollars in tax cuts to the wealthiest Americans? Clearly not," Schakowsky said.

"I agree with Senator Kennedy that we must first meet our priorities, and that is why I introduced First Things First, H.R. 2999 last fall. I look forward to working with him and others to meet our needs," Schakowsky said.

Below is a brief description of Schakowsky bill:

H.R. 2999, THE FIRST THINGS FIRST ACT, Introduced 10/2/01

I. Makes the following changes to the Bush tax cut bill:

1. Reinstates the top marginal tax rate at 39.6 % beginning January 1, 2002 (this affects income greater than \$400, 000).
2. Freezes the tax rate for the current 30.5% bracket (this affects the rate on income above \$90, 000 for single taxpayers and \$150, 000 for joint filers).
3. Freezes the tax rate for the current 35.5% bracket (this affects the rate on income above \$150, 000 for single taxpayers and \$200, 000 for joint filers).
4. Reinstates the estate tax but raises the exemption for small businesses and farms to \$4 million.
5. Reinstates the personal exemption phase out that was repealed by the Bush tax cut. This affects those single taxpayers earning more than \$160, 000 and joint filers earning more than \$250, 000. This bill does not affect lower marginal tax rates and allows the 28% rate to drop to

25%.[] []

II.[] [] Estimates show this plan to save over \$340 billion over ten years.[]

III. The bill requires that before any changes in the upper marginal rates or estate tax are allowed to go into effect, the following needs must be met:[] []

- 1. The nation has responded to the needs created by the September 11, 2001 terrorist attacks on the United States.[] []**
- 2. Ensuring the Security of the Social Security and Medicare Trust Funds.**
- 3. Providing a comprehensive prescription drug benefit under Medicare.**
- 4. Providing federal funding for a major school modernization effort, including the hiring of 100, 000 teachers.**
- 5. Achieving a significant reduction in the number of people who face worst case housing needs.**