EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 8, 2005
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4297 - Tax Relief Extension Reconciliation Act of 2005

(Rep. Thomas (R) California)

The Administration strongly supports House passage of H.R. 4297, which extends a number of important tax provisions that would otherwise expire shortly.

The Administration strongly supports tax relief for dividends and capital gains and is pleased the House has included the extension of these important provisions in the bill. Tax relief for dividends and capital gains has contributed directly to the strengthening of the Nation's economy, which has created over four million new jobs since the enactment of the relief, and the stronger economy has helped produce substantial additional revenues that have reduced the deficit. These extensions are necessary to provide certainty for investors and businesses and are essential to sustaining long-term economic growth.

Budget Estimates and Enforcement

This bill would affect direct spending and receipts. To sustain the economy's expansion, it is critical to exercise responsible restraint over Federal spending. The Budget Enforcement Act's pay-as-you-go requirements and discretionary spending caps expired on September 30, 2002. The President's FY 2006 Budget includes a proposal to extend the discretionary caps through 2010, a pay-as-you-go requirement for direct spending, and a new mechanism to control the expansion of long-term unfunded obligations. OMB's cost estimate of this bill currently is under development.

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