

# SENATE BILL REPORT

## SJM 8034

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As Reported By Senate Committee On:  
Ways & Means, February 9, 2004

**Brief Description:** Requesting that the congressional delegation of the state of Washington work to make the federal tax cuts permanent.

**Sponsors:** Senators Benton, T. Sheldon, Swecker, Roach, Deccio, Esser and Stevens.

**Brief History:**

**Committee Activity:** Ways & Means: 2/5/04, 2/9/04 [DP, DNP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Hale, Honeyford, Johnson, Pflug, Roach and Sheahan.

**Minority Report:** Do not pass.

Signed by Senators Doumit, Fairley, Fraser, Prentice, Rasmussen, Regala and B. Sheldon.

**Staff:** Terry Wilson (786-7433)

**Background:** Major tax relief was provided by the federal Economic Growth and Tax Relief Reconciliation Act of 2001, including a schedule for the reduction of the marginal income tax rates, limiting the itemized deduction and personal exemption phase-out, providing relief from the marriage penalty, increasing the child care credit, increasing allowable contributions to retirement plans, and phasing-out the estate tax. To further stimulate the economy in 2003, Congress enacted the Jobs and Growth and Tax Relief Reconciliation Act of 2003 which accelerated the tax cuts under the 2001 act and provided additional tax relief, including the taxation of dividends at capital gains rates. The tax cuts expire between 2005 and 2010.

Several bills have been introduced into the 108th Congress to make various provisions of these bills permanent.

**Summary of Bill:** Washington's members of Congress are requested to support and vote to make President Bush's tax cuts permanent.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Testimony For:** None.

**Testimony Against:** There is a growing economic divide in this country and the tax cuts have worsened it. Trickle-down economics does not work. Of the 2001 tax cut, 45 percent went to the top 1 percent of population, 72 percent to the top 20 percent, and 25 percent got nothing.

This helps the stock market but not the economy or jobs. President Bush's administration has the worst employment record in the last 55 years. This will cost \$3.3 trillion between 2002-2011 and this is happening when spending is increasing dramatically. This completely disregards the deficit. Making the cuts permanent disregards the fact that the federal government is facing a train wreck of deficit spending. No one would dare run a household this way. Alan Greenspan has warned that long-term structural deficits threaten the economy.

**Testified:** CON: Lois Canright, United for a Fair Economy.