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Comparison of Marriage Penalty Proposals

The 2001 Bush Proposal: President Bush proposes to allow the lower-earning spouse in a two-earner family to deduct 10 percent – up to \$3,000 – of the first \$30,000 of income. Families with only one working spouse will receive no relief under this proposal. Families with higher-incomes will continue to pay a marriage penalty.

The 2000 Congressional Proposal: Last year, Congress sent President Clinton a bill that doubled the standard deduction and the 15% tax bracket for couples filing jointly to twice the level for single taxpayers. While reducing the marriage penalty for all couples, this proposal still imposed a marriage penalty on couples with income taxed in the 28% bracket (\$45,200 for joint filers) and above. In addition, the bill expanded the starting-point for the phase-out of the Earned Income Tax Credit by \$2,000 for couples filing jointly.

The 2001 Johnson Proposal: Rep. Sam Johnson has drafted legislation that combines marriage penalty repeal with the reduction in tax rates proposed by President Bush. The Johnson proposal doubles the standard deduction and doubles all the tax brackets for couples filing jointly to twice the level for single taxpayers. Under the Johnson proposal, the marriage penalty created by the inequity of the income brackets and deduction schedule would be eliminated for all couples, irrespective of income level. The Johnson proposal provides more relief to more couples than the Congressional proposal from last year and the President's proposal.

Quick Summary:

Proposal	Double the Standard Deduction	Relief for Stay-at-Home Parents	All Incomes
Bush	NO	NO	NO
Congressional	YES	YES	NO
Johnson	YES	YES	YES