

House Republican Economic Recovery Plan

President Obama asked House Republicans for their input on the stimulus bill. In addition to some of the worthwhile policies already included, such as net operating loss carryback and expensing for small businesses, House Republicans are proposing:

Immediate Tax Relief for Working Families:

Rather than a refundable credit based on payroll taxes, House Republicans propose reducing the lowest individual tax rates from 15% to 10% and from 10% to 5%. As a result every taxpaying-family in America will see an immediate increase in their income with an average benefit of \$500 in tax relief from the drop in the 10% bracket and \$1,200 for the drop in the 15% bracket. A married couple filing jointly could save up to \$3,200 a year in taxes.

Help for America's Small Businesses:

Small businesses (those employing less than 500 individuals) employ about half of all Americans, yet they can be subject to tax rates that siphon away one-third or more of their income. House Republicans propose to allow small business to take a tax deduction equal to 20% of their income. This will immediately free up funds for small businesses to retain and hire new employees.

No Tax Increases to Pay for Spending:

The stimulus proposal pending in Congress includes record levels of government spending that will substantially increase the current deficit. House Republicans are concerned that this level of spending will result in some proposing near-term tax increases on American families. House Republicans are insisting that any stimulus package include a provision precluding any tax increases now or in the future to pay for this new spending. House Republicans believe that any stimulus spending should be paid for by reducing other government spending, not raising taxes.

Assistance for the Unemployed:

Incredibly, the Federal Government actually imposes income taxes on an individual receiving unemployment benefits. House Republicans propose to make unemployment benefits tax free so that those individuals between jobs can focus on providing for their families.

Stabilizing Home Values:

The real-estate market is paralyzed as potential buyers wait on the sidelines waiting for prices to fall even further. This is becoming a self-fulfilling prophecy. In order to encourage responsible buyers to enter the market and stabilize prices, House Republicans propose a home-buyers credit of \$7,500 for those buyers who can make a minimum down-payment of 5%.