

**Summary of the Economic Growth and Tax Relief Reconciliation Act of 2001**  
(Passed by House of Representatives and Senate on May 26, 2001)

**INDIVIDUAL INCOME TAX RATES**

Provision	Present Law	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Create 10% Bracket</b>	NA	10% applied to first \$6,000 of taxable income for singles and \$12,000 for married couples filing jointly							Raise bracket thresholds to \$7,000 and \$14,000	Index thresholds for inflation	
<b>Marginal Rate Reductions</b>	39.6%	38.6%			37.6%		35%				
	36%	35%			34%		33%				
	31%	30%			29%		28%				
	28%	27%			26%		25%				
	15%	15%									
<b>Repeal "Pease" (Limitation on Itemized Deductions)</b>							Limitation Reduced by 1/3	Limitation Reduced by 2/3	Repeal		
<b>Repeal "PEP" (Personal Exemption Phaseout)</b>							Phaseout Reduced by 1/3	Phaseout Reduced by 2/3	Repeal		

**Individual Income Tax Rates (Similar to H.R. 3)**

- Provides benefit of a new 10 percent rate for first \$6,000 of taxable income for singles, \$10,000 for single parents and \$12,000 for married couples in 2001 through a lump-sum refund of up to \$300 for single taxpayers, up to \$500 for single parents, and up to \$600 for married taxpayers.
- Lowers the top tax rate from 39.6 percent to 35 percent and lowers other tax rates to create a new rate structure of: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent.
- Repeals personal exemption phaseout (PEP) and limit on itemized deductions (Pease) over 5 years, beginning in 2006.

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## MARRIAGE PENALTY RELIEF

Provision	Present Law	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Increase Standard Deduction for Married Couples to Twice the Deduction for Singles</b>	<i>Standard Deduction for Married Couples as a Percent of the Standard Deduction for Singles:</i>										
	167%					174%	184%	187%	190%		200%
<b>Increase Size of 15% Bracket for Married Couples to Twice the Size of the 15% Bracket for Singles</b>	<i>Size of 15% Tax Bracket for Married Couples as a Percent of the Size of the Bracket for Singles:</i>										
	167%					180%	187%	193%			200%

### Marriage Penalty Relief (Similar to H.R. 6)

- Increases standard deduction for married couples to twice the standard deduction for singles. The increase is phased in over 5 years beginning in 2005.
- Increases the width of the 15 percent bracket for married couples to twice the width of the 15% bracket for singles. The increase is phased in over 4 years beginning in 2005.

## CHILD CREDIT EXPANSION

Provision	Present Law	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Increase Child Credit</b>	\$500		\$600				\$700			\$800	\$1,000

### Child Credit Expansion (Similar to H.R. 6)

- Doubles the child credit from \$500 to \$1,000. The increase is phased in over 10 years beginning in 2001.
- Makes child credit available to more low-income families by allowing more families to claim the credit even if they have no income tax liability.

## PENSION REFORM

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Provision	Present Law	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Increase IRA limit</b>	\$2,000	No Change	\$3,000			\$4,000			\$5,000	Index \$5,000 for Inflation	

### **Pension and Retirement Savings (Similar to H.R. 10)**

- Increases Individual Retirement Account (IRA) contributions from \$2,000 to \$5,000.
- Increases 401(k) and other tax-deferred contribution limits from \$10,500 to \$15,000.
- Provides "catch-up" contributions for people age 50 and older.
- Provides over 50 other improvements for private pension plans.

### **ALTERNATIVE MINIMUM TAX REFORM**

Provision	Present Law	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Increase AMT Exemption Amount</b>	\$33,750 for Single \$45,000 for Married	\$35,750 Single \$49,000 Married Filing Jointly				\$33,750 Single \$45,000 Married Filing Jointly					

### **Alternative Minimum Tax Relief**

- Temporarily increases exemption amount by \$2,000 for single individuals and \$4,000 for couples.

### **DEATH TAX**

Provision	Present Law	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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<b>Top Rate</b>	55%		50%	49%	48%	47%	46%	45%	Repeal
<b>Unified Credit Exemption Equivalent</b>	\$675,000		\$1 million		\$1.5 Million		\$2 Million	\$3.5 Million	Repeal

### **Death Tax Repeal (Similar to H.R. 8)**

- Repeals the death tax in 2010.
- Prior to repeal, reduces top rate from 55 percent to 45 percent and increases unified credit exemption amount from \$675,000 to \$3.5 million.
- Expands the availability of the current law death tax exclusion for conservation easements.

### **Education Incentives**

- Increases annual contribution limits to education savings accounts from \$500 to \$2,000 and allows tax-free withdrawals for qualified K-12 public and private education expenses.
- Temporary above-the-line deduction for qualified higher education expenses.
- Allows tax-free distributions from Qualified Tuition Plans and permits private institutions to offer such plans.
- Extends exclusion for employer-provided educational assistance and extends the exclusion to graduate level courses.

### **Adoption Tax Credit (Similar to H.R. 622)**

- Makes permanent the tax credit for the adoptions of non-special needs child (the credit for special needs adoptions is already permanent).
- Increases the credit from \$6,000 to \$10,000 for special needs adoptions and from \$5,000 to \$10,000 for non-special needs adoptions.
- Eliminates the expense reporting requirement for special needs adoptions.
- Increases the income level at which the credit begins to phase out from \$75,000 to \$150,000.