



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

To: Reporters and Editors  
Re: agreement on economic growth bill  
Da: Wednesday, May 21, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, made the following comment on the agreement he reached this evening with House Ways and Means Committee Chairman Bill Thomas on a conference agreement on an economic growth package.

“Our economy is weak. We’re losing jobs, not creating jobs. This package will help ease economic anxiety. It’ll pump up our consumer-driven economy. It’ll put more money in individuals’ and families’ pockets. It’ll encourage small businesses to invest in equipment and create jobs. It’ll ease the tax burden on investment to encourage growth. I’m glad we’ve worked this out now. We should be able to get this package passed and on the President’s desk by this weekend. The sooner we act to ease economic anxiety, the better.”

Key details of the Grassley-Thomas agreement include:

- a \$350 billion total package (pending formal scoring by the Joint Committee on Taxation), including outlays for \$20 billion in state aid
- a state aid structure of \$10 billion for Medicaid/FMAP, and \$10 billion for states’ discretion, over two years
- a dividends proposal that taxes dividends with a 15 percent/5 percent rate structure in 2003 through 2007, and 15 percent/0 percent in 2008
- a capital gains proposal with a 15 percent/5 percent rate structure in 2003 through 2007, and 15 percent/0 percent in 2008
- an increase in bonus depreciation for businesses to 50 percent, extended through 12/31/04
- an increase in the amount that small businesses can expense from \$25,000 to \$100,000 and an increase in the phaseout threshold amount from \$200,000 to \$400,000, among other changes
- the House proposal to accelerate the child tax credit to \$1,000 for 2003 and 2004; this will include checks for up to \$400 per eligible child to 25 million households; those eligible are families that received the child credit in 2002