

**Washington, D.C.** - Today Congressman Lee Terry (NE-02) issued the following statement after the House of Representatives passed H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005:

**"As our country continues to experience sustained economic growth, it is important to encourage pro-growth policies and extend tax relief to help Americans keep more of their own hard earned money, especially in time for the Holiday season," said Terry.**

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**"I am pleased to support legislation that will benefit nearly every working American and continue to move our economy and families forward."**

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The American economy has created 4.4 million new jobs and the unemployment rate has fallen to 5 %, well below the historical average, since the President signed the Jobs and Growth bill into law in May of 2003.

The key provisions in this legislation include extending the reduced tax rates on capital gains and dividend income through 2010. According to the Joint Committee on Taxation, over 60 percent of Americans receiving capital gains or dividend income have incomes of \$100,000 or less and stand to benefit from the passage of today's bill.

In addition, the bill includes several tax incentives to enhance the affordability of higher education, such as the tax-preferred Education Savings Account and tax credits for post-secondary education. The provision allows taxpayers to deduct up to \$4,000 (depending on income) of higher education expenses in lieu of claiming the Hope Scholarship or Lifetime Learning tax credits. All individual taxpayers may claim this deduction whether or not they itemize their deductions.

H.R. 4297 also allows teachers to deduct up to \$250 of out-of-pocket costs incurred to purchase books, supplies, and other classroom equipment, regardless of whether or not they itemize their deductions.

Furthermore, H.R. 4297 extends through 2009 the increased amount of purchases that small businesses may expense, as well as the increased level at which the deduction begins to phase out.

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