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## Forget Marriage Tax Relief!

What goes around comes around in the world of IRS tax codes and finicky U.S. lawmakers

By SHELDON D. POLLACK

On Feb. 10, the House approved the Marriage Penalty Relief Act of 2000 — a bill intended to eliminate the so-called marriage penalty. It would do this by raising the 15% tax bracket for married couples and increasing the standard deduction for married couples filing a joint tax return to double the standard deduction for single taxpayers. Eliminating the marriage penalty sounds fair, although the price tag is considerable: \$182 billion over ten years. Delaware Senator Bill Roth, chairman of the Finance Committee, is expected to shepherd comparable legislation through the Senate later this spring. It remains unclear whether the president will veto this legislation — Clinton has proposed his own \$45 billion relief package, and House Democrats have offered a \$96 billion alternative. But some form of tax relief for married couples is likely this year. House Republicans have taken the first step toward fulfilling their 1994 campaign promise to eliminate the marriage penalty. Unfortunately, this is a step in the wrong direction!

Attacking the marriage penalty makes for a good political cause — or so Republicans seem to believe. Actually, opinion polls fail to detect any deep discontent among those filing joint tax returns. This is probably because so many couples enjoy a tax bonus when they wed. Marriage can be a way for some couples to reduce their taxes. The Treasury Department estimates that 41% of joint filers

enjoy a marriage bonus, while 48% suffer a marriage penalty. Another 11% are not affected. Why do some couples benefit and some lose by marrying and filing a joint return?

The marriage penalty results from the collision of conflicting principles in the tax code. The first is what economists refer to as "horizontal equity" — the notion that those with greater incomes ought to pay taxes at higher rates than those with lower incomes. This is the principle behind the graduated (or progressive) rate structure of the income tax. Those with the highest incomes pay tax at the maximum marginal rate of 39.6%, while those with lower income pay at lower rates. The problem arises when two individuals with high income (say \$50,000 each) marry and file a joint tax return. Because the tax code treats a married couple as a single economic unit, the couple's income will be combined and "stacked," pushing some of their income into a higher tax bracket. Their total tax as a married couple with \$100,000 of joint income will be greater than the sum of what each would have paid as unmarried taxpayers with \$50,000 each. This is the marriage penalty that Republicans condemn. The more steeply graduated the rate structure, the greater the marriage penalty.

But all married couples are not the same. Another couple may have unequal incomes — for instance, where dad stays home to care for the kids and mom makes big bucks as a lawyer or doctor. If mom has \$100,000 of income and dad has zero, their total tax will be less as a married couple than if they were filing separate tax returns. For them, the effect of marrying and filing a joint return is a tax savings!

Why do some married couples enjoy this tax bonus? In 1948, the Republican controlled Congress created a new category (joint filing) for married taxpayers — precisely to reduce taxes for the "traditional" married couple with one wage-earner in the family. The tax rate for couples claiming the new joint status was

lowered, resulting in a substantial tax reduction for the majority of middle-class families. Ironically, Congress's motive for passing the legislation in 1948 was not to give a tax cut, but to equalize the treatment of married couples. Many states were then adopting what is known as community property laws which allowed couples to "split" their income, even while filing separate tax returns. Congress created joint filing to give the same income-splitting benefit to those married couples not living in a community property state. No bad motive here. Still, by helping married couples, Congress ended up hurting single taxpayers.

Never fear! Congress responds to voters who complain, and single taxpayers began to complain. In 1969, Congress enacted new legislation to reduce the inequity of a single taxpayer paying more taxes than a married couple with the same income filing a joint return. What happened? You guessed it. By helping single taxpayers, Congress exacerbated the marriage penalty that affects two-earner couples.

This new inequity spread in subsequent decades as two-earner families became more and more common. Yesterday's tax reform became today's hot political issue! The problem is that the GOP proposal to reduce the marriage penalty will inevitably hurt the one-earner family and single taxpayers. Deep down, Republicans know this. To avoid the politically embarrassing act of rewarding rich two-earner couples and

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Viagra are cheap in nearly totally w

By EDWARD

Herbal sex pills advertised in men's magazines, a pre-emptive move to correct the herbal gold rush. Millions of men are buying over-the-counter concoctions with namagra," or at least suggest. But doctors say the pills work. Americans spent "herbal" alternatives to it was introduced by herbal sales continue to have moved out of magazines onto the Internet.

"They're all scammers, a urologist after for Male Reproductive Microsurgery at the National Medical Center of them has a medical Viagra. And none has a significant effect. "There's no such thing as a free lunch. These herbal pills are a waste of money."

Goldstein and others — There are no studies to suggest they are effective or safe — There is no evidence of various ingredients will improve sexual function alone cure impotence — In many cases

"There's no such thing as a free lunch. These herbal remedies are rip-offs of the name and a waste of the customer's money."

Urologist Mar Goldstein

be taken by anyone it has proven effective in most men. The \$10 a pill, compared to herbal pills — worse to expand. Erection flow.

Manufacturers of their products are that reliable evildoers. As they see ingredients in the ginkgo biloba, ginseng, or L-arginine alternative-medicine variety of benefits.

None of the claims outright the potency.

To back up the pills work, they point

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# Marriage: Round and round we go in reform

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punishing the traditional family, the House bill includes the additional provision raising the 15% tax bracket. This simply gives everyone a tax cut — that is, everyone except single taxpayers! Also, the wealthiest two-earner couples who itemize their deductions, rather than claim the standard deduction, don't get relief from the GOP bill.

And so, round and round we go! With every reform targeted at one group of taxpayers, some other group is relatively disadvantaged. Congress will just keep messing up the tax law until it realizes that there is no way to express all these conflicting principles in the same tax code. A flat tax rate does the most to eliminate these inequities, but that means abandoning the

progressive rate structure of the income tax — something the electorate has not yet shown a willingness to do. (Witness Steve Forbes's quick exit from the Republican presidential race after his rejection in the Delaware primary and the virtual disappearance of his flat tax proposal with him.) Others propose eliminating the distinction between married and single taxpayers, returning us to the original tax system enacted in 1913 wherein the individual is the basic unit of the tax system. But that would hurt the traditional family with one-earner — not a very attractive political option for Republicans. So for now, Congress enacts more ill-conceived reforms, leaving future generations to deal with the mess.