

THE WHITE HOUSE
WASHINGTON

November 16, 1994

The Honorable Sherwood Boehlert
U. S. House of Representatives
Washington, D.C. 20515

Dear Congressman Boehlert:

Thank you for your letter regarding legislation you have introduced to provide an exception from the so-called "kiddie tax" for income from personal injury awards.

As you point out, the kiddie tax--a tax on the unearned income of minors at the parents' tax rate--is designed to remove incentives to shift income-producing assets among family members. You suggested that the kiddie tax in its present form has some unintended results. I applaud your sensitivity to the difficulties faced by families with injured children and your desire to provide some relief in the form of a tax change. I understand, however, that there has been some objection to tax rules that may increase complexity in the tax system and I am forwarding your letter to Assistant Secretary for Legislative Affairs Michael Levy at the Treasury Department for his review.

Thank you again for writing to bring this issue to my attention and to share your proposed legislation. I look forward to working with you on your ongoing efforts to improve the lives of our nation's children.

Sincerely yours,


Hillary Rodham Clinton