



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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TUESDAY, AUGUST 3, 1976 TED HAGGART

DOLE WILL PROPOSE AUTOMATIC INCOME TAX REDUCTIONS TO OFFSET INFLATION

WASHINGTON, D.C.—Senator Bob Dole today will offer, with Senator Robert Taft, an amendment to the tax reform bill which would each year eliminate the increase of individuals' tax payments that occur as incomes increase to keep up with inflation. "Year after year, the average consumer and taxpayer take a beating from inflation -- it is intolerable that the federal government adds to this injury by allowing the real taxes of our citizens to increase as well," the Kansas Senator observed.

Under the current progressive income tax structure, when prices and incomes rise by a given percentage, a person's taxes increase by a greater percentage. Thus, the real amount of tax paid increases.

Commonly referred to as "indexing" tax rates for inflation, the amendment would eliminate this feature of the tax system by adjusting deductions, exemptions and tax brackets.

Objecting to the present automatic escalation of taxes, Dole said his amendment "would return those dollars to their rightful owners -- the taxpayers."

Senator Dole said that by automatically cutting taxes each year, the federal government would be forced to hold back on spending. "If government spending needs exceed revenues subsequent to this amendment, let the Congress justify those needs and explicitly vote for higher taxes to finance them."

The amendment would take effect with 1978 withholding rates and taxes. With a 5% inflation rate, the amendment would return \$19 to a family of four whose taxable income increased from \$8000 to \$8400. At the \$16,000 level, the amendment would spare a family of four a \$61 inflation-caused tax increase.

The tax bill has received considerable criticism as a reform bill, for not eliminating certain tax breaks used mostly by corporations and high income earners. Senator Dole said that "this amendment represents the most significant tax reform we will consider -- not just for a few, but for the majority. This measure would eliminate the escalating and unfair taxation of every citizen."