

News from Senator BOB DOLE



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FOR IMMEDIATE RELEASE
MONDAY, MAY 19, 1980

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DOLE BILL WOULD HELP YOUNG PEOPLE SAVE TO BUY HOMES

WASHINGTON -- Senator Bob Dole (R-Kan.) said today he would introduce legislation soon to provide individuals with the means to establish a savings account similar to an individual retirement account to save for a first home.

Under the Dole bill, the Housing and Education Savings Account Act, deductions of up to \$1,500 per year for up to 10 years would be allowed, and investment gains on amounts in the account would not be taxed.

Dole gave details of his bill today at a news conference at the Republican National Committee.

"Everyone in this country must realize that inflation and the Carter Administration response to it -- recession -- are crippling the housing industry and the ability of the average American family to own their own home," Dole said.

"This situation is intolerable. We have a generation of Americans who have grown up in family-owned homes and now find that it's impossible to buy their own home. Inflation is out-pacing their ability to save for a down-payment. Soaring interest rates have made home purchasing much more expensive. And the general economic recession has made all of us reluctant to make any major new purchase.

"Obviously, as these young Americans have been squeezed out of the housing market, the people whose livelihood depends upon housing sales have also suffered greatly.

"For some reason, the Carter Administration has not seemed to realize that the unemployment figures in the construction industry, now more than double the national rate, are real people; people who need their paychecks to live and people who would even be paying income taxes -- if they had income."

Under the Dole bill, if the individual uses the funds in the account to purchase a house within the 10-year period, income tax would still be deferred. The tax would be imposed when the individual sells the residence and does not buy a new one of at least equal value. Tax liability is not avoided. It is just deferred.

The bill also provides for an Education Savings Account, another IRA-type account, to help families save for their children's college education.

"The Housing and Education Savings Act would not provide for an immediate reversal of the present housing market situation, but would provide a sound incentive for Americans to save a greater percentage of their income to cover home purchase and education costs," Dole said. "This should help insulate housing, over the long term, from experiencing again the level of economic disaster it faces today.

"The bill would make a large contribution to much needed capital formation and also provide a significant tax cut for the middle-class American who has carried more than his share of the tax burden in this country.

"If the present budget situation does not have room for this entire bill, I would propose phasing it in."