

News from Senator

BOB DOLE



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DOLE SUPPORTS FINANCE COMMITTEE CHANGES IN SOCIAL SECURITY, CHARITABLE DEDUCTION PROVISIONS

WASHINGTON -- "Action taken today by the Senate Finance Committee paves the way for farmers, insurance agents and other self-employed individuals to receive more equitable treatment under our Social Security laws," Senator Bob Dole (R-Kan.) said today.

The committee today agreed to correct inequities which have resulted from the elimination of the monthly Social Security earnings test for retired persons. Dole, the ranking Republican on the Finance Committee, introduced similar legislation, S. 2083, last year.

In addition, the committee also approved a Dole-sponsored provision approving "short form" individual deductions for charitable contributions, an issue of great interest to many Kansans. Both measures are part of the committee's \$39-billion tax cut bill.

Under the 1977 Social Security Amendments, the monthly earnings test was repealed because of concern that certain individuals could arrange their earnings to be received in only a few months of the year, and thus effectively evade the intent of the earnings limit.

"People who have acted in good faith to insure that all their needs are met during retirement should not be penalized by having their retirement income reduced simply because Congress made a mistake when we voted to eliminate the monthly retirement test," Dole said.

The Finance Committee action: 1) Provides a monthly earnings test for individuals who leave the Social Security benefit rolls in mid-year, 2) Allows persons to make a separate application for Medicare without applying for cash benefits, 3) Provides that income attributable to services performed before a person first became entitled to old-age insurance would not be taken into account in determining his or her gross income for purposes of the earnings test, and 4) Guarantees that everyone will get one year to use the monthly earnings test after Jan. 1, 1978.

Charitable Contributions

The committee's provision to allow individuals to take a deduction for charitable contributions even if they do not itemize deductions will be phased-in over a four-year period.

"In 1970, 52 percent of the taxpayers used the standard deduction," Dole said. "The standard deduction, and later, its replacement, the zero bracket amount, have been increased so that now approximately 70 percent of return filers do not itemize. The drop from 1970 to 1978 in the percentage of personal income donated to charities translated into a loss of \$1.2 billion in 1978. It seems clear that the itemization rule has led to this decrease. On the average, itemizers contribute three times as much to charities as non-itemizers. This indicates that there may be a relationship between giving and receiving a tax deduction.

"This new proposal would enable a broad range of taxpayers to deduct for contributions to charities. This is an important development not only for Kansas, but for charities across the country."