

BOB DOLE



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FOR IMMEDIATE RELEASE:
THURSDAY, APRIL 8, 1982

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DOLE SAYS MILLIONS OF DOLLARS SQUANDERED IN PUBLIC TRANSPORTATION LEASING DEALS

WASHINGTON -- Senator Robert Dole (R.-Kan.), Chairman of the Senate Finance Committee, revealed today that through the unintended generosity of so-called safe harbor leasing provisions, profitable companies and middlemen have made millions of dollars in leasing deals with federally funded public transportation companies.

Senator Dole based his comment on figures supplied by the Joint Committee on Taxation following a review of public transportation leasing transactions. The Joint Committee studied specific safe harbor leasing transactions undertaken by New York City's Metropolitan Transit Authority and Amtrak.

According to the committee, the Amtrak deal involved about \$215 million worth of locomotives, rail cars and track improvements in a leasing arrangement with General Electric. The Metropolitan Transit Authority lease agreement with Metromedia, Inc. involved almost \$100 million in commuter rail cars and buses.

According to the Joint Committee analysis, Amtrak received only 62% of the tax benefits generated by the leased property, while the MTA received just 61% of the safe harbor tax benefits. The remaining tax benefits went directly to profitable lessor companies, and the lawyers, bankers and underwriters who arranged the public transportation deals.

"These transactions were even less efficient than the private sector leasing deals which many critics are calling scandalously inefficient. This latest tax leasing horror story should remove any doubts that the intent of safe harbor leasing has failed miserably," Dole said.

A recent Joint Committee report on the effectiveness of tax leasing revealed that 76% of the cost of the safe harbor program is going to private loss companies, the struggling companies who were supposed to benefit from the tax plan.

"At a time when it is necessary to cut direct Federal funds to public transportation, this grossly inefficient mechanism for extending Federal subsidy must be re-examined. In my view, American taxpayers would be better served by using the same tax dollars to directly subsidize public transportation. In that way, we would not be losing nearly 40-cents on the tax dollar to middlemen," Dole said.

"We can't expect Congress to cut back Food Stamps, Medicaid and other social programs while corporations and third parties profit from the unintended benefits of safe harbor leasing," Dole concluded.