

# BOB DOLE



(R - Kansas)

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FOR IMMEDIATE RELEASE  
TUESDAY, AUGUST 17, 1982

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## DOLE WELCOMES PRESIDENT'S ADDRESS, PREDICTS

### PASSAGE OF BIPARTISAN TAX BILL

WASHINGTON -- Senator Bob Dole ( R.-Kan. ) today hailed President Reagan's address to the nation on the bipartisan tax reform and spending reduction bill as a major boost to prospects for passage of the legislation in both the House and the Senate. Dole predicted the bill would be approved before Congress begins its Labor Day recess.

"Last night the President made the strongest possible case for this legislation, both in terms of the urgent need to reduce the deficit and from the standpoint of sound tax and spending policies. Guaranteeing that everyone pays a fair share of tax, eliminating overgenerous tax benefits, and improving the efficiency with which major benefit programs are run are all sound policy goals. Since we have to take strong action to reduce the deficit, we ought to do it in the fairest and most sensible way possible," Dole added.

Senator Dole also welcomed the President's emphasis on the need for bipartisan action to control the deficit. "Our people are sick and tired of hearing excuses from Congress on why the budget is out of control. They want action now, not more divisive rhetoric. Since June we have had a bipartisan budget agreement: now that we have reached a conference agreement on our revenue and spending bill, we have a strong bipartisan basis for completing action to implement the budget."

Dole noted that the House conferees on the Tax Equity and Fiscal Responsibility Act had a major impact on the legislation, making it truly a bipartisan bill. "House Republicans and Democrats did make significant changes in this legislation, and much of their input has improved the final product. In the course of conference we managed to reduce the floor for the medical deduction to 5 percent from the 7 percent in the Senate bill. We strengthened the individual minimum tax and fixed it at a flat rate. Instead of cutting back on the business meal deduction, we have an equitable provision to improve reporting and payment of tax on tip income, which has been a major compliance problem. Safe harbor leasing is phased out on January 1, 1984, rather than on September 30, 1985, as under the Senate bill. In addition, we modified significantly the Senate provision on the possessions corporation credit, in deference to the wishes of the administration and Governor of Puerto Rico to keep in place more of the tax benefits for businesses operating in Puerto Rico."

"The spending reductions in this package also are solid, fair, and realistic. In conference we reduced the impact of several provisions on beneficiaries, while still meeting our reconciliation targets and providing better allocation of costs in Medicare, Medicaid, and AFDC. For example, we eliminated the provisions on delaying initial Medicare eligibility, co-payments for home health care, and indexing the Part B deductible for Medicare. Our total savings, however, still amount to about \$17.5 billion over three years: more than the Finance Committee reconciliation instruction of \$15.9 billion," Dole said.



Senator Dole also cited two major conference changes in the bill that were emphasized by President Reagan in his address. "As the President indicated, we have delayed the effective date for withholding on interest and dividends to July of 1983. This will give financial institutions and taxpayers more time to adjust to the change, and should give people a better opportunity to understand that this is not really a tax increase. In addition, we provided for extended unemployment benefits during this time of economic severity -- a provision that is of interest to many members and which is an important step toward fairly distributing the burden of achieving economic recovery."

"All in all this is a good bill, a better bill as a result of the bipartisan conference action. I believe the President made plain that there can be little ground for opposing this bill among those who are truly interested in deficit reduction, in getting interest rates down and keeping them down, and in sustaining a strong economic recovery," Dole said. "The time for quarreling is past. The American people expect us to work together to get the job done, and that is what we are obliged to do."

Attached is a letter sent today by Senators Baker and Dole to all members of the Senate urging support for the Conference Report on the Tax Equity and Fiscal Responsibility Act of 1982.

## United States Senate

WASHINGTON, D.C. 20510

August 17, 1982

The Honorable . . .  
The United States Senate  
Washington, D.C. 20510

Dear . . . :

We are writing to ask for your support for the conference report on the Tax Equity and Fiscal Responsibility Act. This bill combines revenue increases -- mostly in the compliance and loophole closing areas -- with balanced spending cuts. In addition to the \$98.3 billion in revenue increases it reduces Federal Government outlays by \$17.3 billion over the next three years. We hope you will support this legislation because we are convinced that without it interest rates will reverse their current downward trend and shrink the long hoped for economic recovery.

Some changes made to the bill in conference should make it easier to support. First, a much-needed \$2 billion temporary unemployment compensation supplemental benefit package was added. This provision will help 2 million workers who have exhausted their benefits under existing programs to get through these difficult economic times. The benefits under this program will be available in every State beginning in mid-September.

Second, the controversial interest and dividend withholding proposal was delayed for six months until July 1, 1983. In addition all interest payments under \$150 were exempted. The exemptions for about 90 percent of the elderly and all low income citizens were retained.

Third, the floor for deducting medical expenses was reduced from 7 percent in the Senate bill to 5 percent of adjusted gross income. This should ease any burden on those strapped with high medical bills.

Fourth, the Conference managed to reduce the effects of the Medicare cuts on beneficiaries, while still exceeding the spending reduction targets set by the reconciliation instruction.

It is difficult to ask our colleagues to support revenue increases and spending cuts in an election year but it is more difficult to ask all Americans to tolerate high interest rates and high unemployment. We must demonstrate that we can make the hard choices needed to restore economic health to this country. We hope you will join us in supporting this legislation.

Sincerely yours,

BOB DOLE

HOWARD BAKER