



October 21, 1982

Dear Mr. Kay:

I understand a question has been raised regarding the impact a repeal or deferral of the third year of the individual tax rate reductions would have on the taxpayers of Kansas.

The third year of the tax cut is essential if we want to provide any real tax relief to the American people, and a repeal or deferral of the third year would result in substantial tax increases for all taxpayers, including the taxpayers of your state.

For example, the Treasury Department estimates that a repeal of the third year would cost Kansas approximately one-half billion dollars in higher taxes in 1983 and 1984.

Without the President's tax cut, a family of four in Kansas would pay \$2,013 a year in Federal income taxes. With the President's tax cut, this same family will pay \$1,642 in 1983 and \$1,549 in 1984.

As these figures show, the average working family would bear the brunt of a repeal of the third year. Nearly three-fourths of the tax cut provided by the third installment will benefit those earning less than \$50,000 a year.

Finally, I am deeply concerned that a repeal of the third year would retard economic recovery. The higher marginal tax rates as a result of a repeal would reduce savings and investment, lower real economic growth, and reduce job opportunities.

Sincerely,

Donald T. Regan

Mr. Morris Kay
P.O. Box 555
Topeka, Kansas 66601