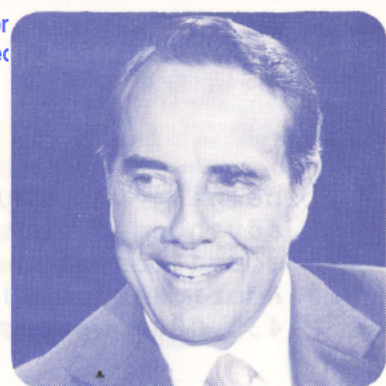


BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
TUESDAY, APRIL 17, 1984

CONTACT: WALT RIKER,
SCOTT RICHARDSON 202/224-6521

DEFICIT BILL ENSURES MORE EQUITABLE TREATMENT FOR ALL AMERICANS, DOLE SAYS

WASHINGTON -- The \$71 billion plus package of tax and spending measures approved by the Senate early last Friday morning is "designed not just to reduce the deficit, but also to ensure more equitable treatment of all Americans," said Kansas Senator Bob Dole, Chairman of the Senate Finance Committee.

The package of tax reforms and spending restraints won a 76-5 vote of approval from the Senate -- its final act before adjourning for the Easter recess.

"The deficit reduction package approved by the Senate is fair to all Americans, particularly those most in need," Senator Dole said. "This fact should not be overlooked as Congress focuses on the overriding goal of reducing the \$200 billion per year deficits that threaten the nation's economic recovery."

Dole said the bulk of the revenue raised under the Deficit Reduction Act of 1984 comes through "real tax reforms."

These reforms, he said, include "limits on tax shelters, changes in special corporate provisions and accounting rules and measures to make the tax system more fair by reducing special benefits to a privileged few. The only impact on the average taxpayer, of the more than \$47 billion in revenue increases in the package, is about \$1 billion from a \$2 per proof gallon increase in the distilled spirits tax and \$3.2 billion from a three-year extension -- not an increase -- in the telephone tax.

Additionally, the Dole bill features \$24 billion in spending restraints, including \$3.1 billion in savings as recommended by the Grace Commission, and about \$10 billion in federal debt service reductions due to the lower deficits.

Spending reductions in the bill have been carefully designed to improve efficiency or allocation of cost, rather than reducing benefits for those in need. In the health area, for example, the focus is on providers of health care, by freezing reimbursible physician fees and limiting the rate of increase in payments to hospitals.

At the same time, the bill also provides modest increases for children and pregnant women under Medicare and for the maternal and child health block grant.

Among the highlights of the bill managed by Senator Dole during 40 hours of floor debate last week were:

(MORE)

--Extending the targeted jobs tax credit for three years, helping the employers of the handicapped, economically disadvantaged youth, Vietnam veterans, SSI recipients, cooperative education students, ex-convicts, AFDC recipients and young Americans seeking summer employment. The program now aids 435,000 persons.

--Raising the earned income tax credit to help the lowest income taxpayers who try to avoid government assistance but are faced with significant social security and income taxes because they are in the work force.

--Limits on tax benefits for property leased to or otherwise used by tax-exempt entities, whether they are units of government or foreign entities.

--A new rule allowing nonworking spouses to have the same individual retirement account privileges as their working spouse counterparts.

--Authorizing enterprise zones in 75 distressed areas to receive federal tax and regulatory relief, including new jobs and investment credits, capital gains relief and greater availability of industrial development bond financing.

--Reinstating a tax deduction for the removal of architectural barriers to the handicapped, and increasing that credit to \$35,000.

--Increasing the deduction for mileage costs in using vehicles for charitable service, from 9 cents to 12 cents per mile.

--A new partnership rule to restrict the ability of partners to shift income and losses.

--Changing the definition of earnings and profits to reduce the ability of corporations to pay tax free dividends.

--The ending of a loophole which allowed rebated excise taxes on liquor distilled in the state and then shipped to Puerto Rico under the guise of further distillation.

--Extending the mortgage revenue bond program, with State and local governments authorized to issue mortgage credit certificates in lieu of bond financing as a safeguard against abuse.

--Several provisions to narrow loopholes involving tax-motivated transactions in which companies paid large dividends in the buying and selling of stock.

--Elimination of oil and gas royalty trusts.

--Abolishing deferral of taxes through stock option straddles and leveraged purchases of Treasury bills.

"This is a very complicated piece of legislation," Dole noted. "In fact, the Majority Leader, Senator Howard Baker (R-Tenn.), said it 'may be the biggest revenue bill in terms of size and volume that we have ever handled.' The revenue portion of the package alone contains some 200 different proposals."

"But there is little doubt that, in taking this first major step toward deficit reduction, we have begun a task which is going to require plenty of attention in the next sessions of Congress," Senator Dole said.

"With the broad bipartisan support demonstrated for this bill, though, I am sure our deficit reduction effort will succeed, to the benefit of all Americans."