



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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DOLE INTRODUCES BILL TO SAVE DISABLED RETIREES MILLIONS IN TAX DOLLARS

Senator Bob Dole today introduced legislation to eliminate the retroactive features of a new law which taxes sick pay received by federal retirees and other disabled employees.

Prior to passage of the Tax Reform Act of 1976, retired employees could exclude from federal taxes up to \$100 per week (\$5200 per year) received on account of personal injuries or sickness. The Tax Reform Act repealed this exclusion -- retroactively to January 1, 1976 -- except for retired persons who are totally and permanently incapacitated for gainful employment.

Dole's bill, which makes the changes effective January 1, 1977, would relieve Civil Service Commission disability retirees and other disabled employees from incurring large lump sum tax liabilities when 1976 income tax returns fall due in April.

"Although excluding 'sick pay' payments from income when an employee is absent from work while taxing the same payments if made as wages while he is at work may not be justified, I think it is totally unfair to make this change in the law retroactive. Unless my bill is passed, thousands of retirees will be forced to pay a large additional tax on April 15 -- amounting to literally hundreds of dollars in many cases," Dole said.

"I don't think the Federal Treasury should -- in the name of 'tax reform' -- receive such a financial windfall at the expense of thousands of disabled Americans," Dole added.

Dole's proposal, which is being cosponsored by a bipartisan group of eight Senators, would save disabled retirees an estimated \$200 million in taxes this year. An identical bill has been introduced by a bipartisan group in the House of Representatives led by Republican Congressman Bob Daniel of Virginia.