



NEWS from U.S. Senator Bob Dole

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DOLE'S "SICK PAY EXCLUSION" PROPOSAL ADOPTED UNANIMOUSLY BY FINANCE COMMITTEE

WASHINGTON, D.C. -- The Senate Finance Committee this morning voted unanimously to accept Senator Bob Dole's "sick pay exclusion" proposal as part of the tax stimulus package it is currently considering. The tax stimulus package is expected to be completed by the committee tomorrow and considered by the full Senate next week.

Dole's amendment would eliminate the retroactive features of the Tax Reform Act of 1976 which taxes sick pay received by federal retirees and other disabled employees. Prior to the 1976 Act, 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 The Tax Reform Act repealed this exclusion -- retroactively to January 1, 1976 -- except for retired persons who are totally and permanently incapacitated for gainful employment.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 proposal, 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 are due in April.

The Kansas Senator said he was pleased the proposal could be made part of the economic stimulus package, enabling it to be considered more quickly by the full Senate. "Unless this measure becomes law very soon, thousands of retirees will be forced to pay a large additional tax on April 15 -- amounting to literally hundreds of dollars in many cases. The unanimous vote demonstrates agreement that the Federal Treasury should not -- in the name of 'tax reform' -- receive such a financial windfall at the expense of thousands of disabled Americans."

Dole's proposal would save disabled retirees an estimated \$200 million in taxes this year.