News from Senator

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20 BIG BANKS PAY ONLY 2.3% TAX RATE --

DOLE CHAIRS HEARING ON FINANCIAL INSTITUTION TAXES

WASHINGTON -- Kansas Senator Bob Dole says a recent congressional study of taxes paid by financial institutions raises "serious questions" about the equity of income tax rates.

Dole, Chairman of the Senate Finance Committee, made the comment during a March 11 hearing on the effective tax rates paid by banks, credit unions and saving and loans on their U.S. income.

The hearing focused on a Joint Committee on Taxation study which revealed that 20 large commercial banks paid only an average tax rate of 2.3%.

"In the face of ballooning federal deficits and national sacrifice, this tax information reinforces the need to study every aspect of the economy to make sure the burden of recovery is equally shared," Dole said.

"I'm sure the average American taxpayer who pays about 20% of his income in federal income tax will welcome a renewed interest in the privileged tax status of financial institutions," Dole added.

Dole noted that despite huge earnings the banking industry enjoys the third lowest tax rate in the country on U.S. income. Additionally, six major banks paid no tax in U.S. income while some even received tax refunds. The Joint Committee report also showed that one enormous credit union paid no federal income tax despite the fact it is a $1 billion, worldwide operation.

"Many of the special provisions and tax preferences enjoyed by financial institutions undoubtedly had some justification when they were first placed in the law," Dole said, "but Congress has a responsibility to reexamine these preferences, and determine whether they can now be justified, in light of the much higher effective tax rates borne by most other business and individuals."

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