

News from Senator

BOB DOLE



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DOLE PUTS TAX HIKERS ON RECORD: HANDS OFF TAX REFORM!

WASHINGTON -- Today the Senate, in a 90-10 vote, approved Senate Republican Leader Bob Dole's anti-tax amendment to the Democrats' big tax budget resolution. Dole's amendment puts the Senate on record on who will and who won't support increases in individual or income tax rates in order to meet the revenue totals in the budget resolution. Following is the text of Dole's statement:

THE AMENDMENT I AM OFFERING TODAY SIMPLY PUTS THE SENATE ON RECORD THAT WE MEANT WHAT WE SAID WHEN WE VOTED FOR THE TAX REFORM ACT OF 1986. AT THAT TIME WE TOLD THE AMERICAN PEOPLE THAT THEY SHOULD GIVE UP SPECIAL TAX BREAKS THAT BENEFITTED ONLY SOME TAXPAYERS IN RETURN FOR LOWER RATES TO BENEFIT EVERYONE. THEY BELIEVED US THEN. THIS AMENDMENT JUST LETS THEM KNOW WE STILL INTEND TO HOLD TO OUR PROMISE.

THE ISSUE OF TAX REFORM WAS NOT EASY TO RESOLVE IN THE SENATE. EVERYONE WHO WAS HERE IN THE LAST CONGRESS KNOWS THAT VERY WELL. MOST OBSERVERS EXPECTED TAX REFORM TO DIE IN THE SENATE LAST YEAR. IN FACT, FOR SOME TIME, THAT EXPECTATION WAS A REASONABLE ONE.

BUT THEN THE FINANCE COMMITTEE STARTED DISCUSSING RATES THAT WERE DRAMATICALLY LOWER THAN THOSE THEN IN THE LAW. FOR WHATEVER REASON, THOSE LOWER RATES WERE THE CATALYST THAT TURNED THE DEBATE AROUND. SUDDENLY, TAX REFORM WAS NOT ONLY POSSIBLE, IT WAS INEVITABLE.

THE SENATE AGREED TO THE CONFERENCE REPORT BY A LOPSIDED VOTE OF 74 TO 23 ON SEPTEMBER 27TH, AND THE PRESIDENT SIGNED IT INTO LAW LESS THAN A MONTH LATER.

RECENTLY, THERE HAS BEEN SOME TALK OF REVISING THE RATE STRUCTURE BOTH HERE AND IN THE HOUSE. MAYBE BECAUSE THE MEMBERSHIP OF THE SENATE HAS CHANGED SOMEWHAT, OR MAYBE BECAUSE TAXPAYERS THINK WE MAY HAVE SHORT MEMORIES, I HAVE HEARD FROM CONSTITUENTS IN KANSAS AND OTHER TAXPAYERS AROUND THE COUNTRY THAT THEY ARE CONCERNED THAT THEY MAY NOT BE ABLE TO RELY ON THE

PROVISIONS THAT WERE ENACTED JUST LAST FALL. THIS RESOLUTION SIMPLY PUTS US ON RECORD THAT THE SENATE STILL BELIEVES THE PRINCIPAL BENEFIT OF THE TAX REFORM ACT, THE LOWERING OF TAX RATES, SHOULD OCCUR AS WE PROMISED LAST YEAR AND SHOULD NOT BE REVERSED FOR DEFICIT REDUCTION PURPOSES.

THIS IS NOT A PARTISAN ISSUE. IT IS A MEASURE OF OUR GOOD FAITH. IF TAXPAYERS CANNOT RELY ON OUR WORD, WE CANNOT EXPECT PUBLIC SUPPORT FOR ANY MAJOR REFORM -- NOT JUST REFORM OF THE TAX LAWS, BUT ON ANY SUBJECT, NO MATTER HOW MERITORIOUS THE PROPOSED REFORM MIGHT BE.

THIS IS NOT AN APPROPRIATE VEHICLE FOR "RE-LITIGATING" THE PROVISIONS OF THE TAX REFORM ACT, AND I WILL NOT GO INTO A LONG DISCUSSION OF THE MERITS OF THAT ACT AT THIS TIME. HOWEVER, IT IS IMPORTANT TO NOTE THAT THE FINANCE COMMITTEE, THE SENATE, AND THE CONFERENCE COMMITTEE WORKED VERY HARD LAST YEAR TO MAKE CERTAIN THAT THE TAX BENEFITS OF THE TAX REFORM ACT WOULD ACCRUE TO TAXPAYERS IN EVERY INCOME CLASS.

IN FACT, THERE WAS GREAT EFFORT EXPENDED IN THE CONFERENCE COMMITTEE TO ASSURE THAT LOWER INCOME AND MIDDLE INCOME TAXPAYERS WILL RECEIVE GREATER BENEFITS IN THE CONFERENCE REPORT THAN THEY WOULD HAVE RECEIVED UNDER EITHER THE SENATE OR HOUSE BILL.

THOSE WHO SUGGEST THAT THE RATES SHOULD BE FROZEN AT 1987 LEVELS, FOR EXAMPLE, HAVE FORGOTTEN THE EFFORTS THAT WENT INTO MAKING SURE THAT THE TAX REFORM ACT WOULD BE FAIR TO EVERYONE. CERTAINLY, RATE REDUCTION WILL BENEFIT SOME INDIVIDUALS WHO HAVE HIGH INCOMES. HOWEVER, MUCH OF THE BASE BROADENING THAT ALLOWED THE RATES TO BE LOWERED AFFECTED PRIMARILY HIGH INCOME TAXPAYERS. AND THIS REALLY WAS NOT JUST ENDING TAX SHELTERS. IT ALSO INCLUDED ITEMS LIKE REPEALING THE LOWER RATES FOR LONG-TERM CAPITAL GAINS.

THROUGH CHANGES OF THIS NATURE, THE TAX REFORM ACT ASSURES THAT THE AVERAGE TAX CUT FOR HIGH INCOME INDIVIDUALS WILL BE LOWER THAN THE AVERAGE CUT FOR LOWER AND MIDDLE INCOME TAXPAYERS. FOR EXAMPLE, THE AVERAGE TAX CUT FOR AN INDIVIDUAL WITH INCOME BETWEEN \$100,000 AND \$200,000 WILL BE 2.2 PERCENT IN 1988. THIS COMPARES WITH AN AVERAGE CUT OF 22.3 PERCENT FOR INDIVIDUALS WITH INCOME BETWEEN \$10,000 AND \$20,000, AND AN AVERAGE CUT OF 9.8 PERCENT FOR INDIVIDUALS WITH INCOME BETWEEN \$20,000 AND \$30,000.

WE REDUCED THE MAXIMUM RATES SUBSTANTIALLY IN THE TAX REFORM ACT, BUT WE DID SO IN LEGISLATION THAT WAS CAREFULLY DRAFTED TO ASSURE THAT WEALTHY INDIVIDUALS WOULD NOT RECEIVE A DISPROPORTIONATE SHARE OF THE BENEFIT FROM REFORM.

"TAX REFORM" MEANS "TAX FAIRNESS" TO THIS SENATOR AND, I HOPE, TO ALMOST EVERYONE. THE TAX REFORM ACT WAS NOT PERFECT LEGISLATION, BUT IT CERTAINLY IS FAIR LEGISLATION. RATE REDUCTION IS AN ESSENTIAL PART OF THAT FAIRNESS. I HOPE MY COLLEAGUES WILL JOIN ME IN LETTING AMERICAN TAXPAYERS KNOW THAT THEY CAN RELY ON US TO KEEP OUR WORD ON RATE REDUCTION.

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