



NEWS from U.S. Senator Bob Dole

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INDEXING BEST METHOD FOR TAX REDUCTION, DOLE SAYS

BEDFORD HILLS, N.Y. -- Sen. Bob Dole (R-Kan.) said today that tax indexing is the most realistic means to reduce the burden of taxes and inflation that plague the American taxpayer.

On Wednesday, Dole introduced an indexing proposal before the Senate Finance Committee that would automatically adjust the tax system to compensate for inflation.

The Dole indexing measure would increase both the personal exemption and the zero bracket, and widen certain brackets to prevent taxpayers from being thrown into higher tax brackets because of inflation.

The indexing system will permit individual taxpayers to exclude any increase in earned income caused by inflation. So, a worker earning \$10,000 who receives a \$1,000 pay increase at a time of 10 percent inflation would, for tax purposes, be able to exclude the \$1,000 phantom inflationary income increase.

"Unfortunately, my tax indexation plan was defeated by two votes in the Finance Committee on Wednesday," Dole said. "But it attracted stronger support than ever before. And, frankly, I think it's a very realistic plan -- one with a great chance of acceptance in the near future."

Dole's indexing plan would institute a one- to two-year inflation adjustment on personal taxes, and would stop the endless cycle of "illusory" tax cuts, such as those Congress has legislated for each of the past three years.

"We should be doing something constructive about the destructive 'taxflation' in our economy," Dole said. "And I think indexing is the proper course. Only through indexing will we permanently put an end to the tax on inflation, an unconscionable levy which only encourages government to spend more and more.

"The federal government is the most satisfied constituent of the double-digit inflation that engulfs the taxpayers. Next year, the government stands to reap a \$9-billion windfall profit from the American people.

"Although tax indexing will not solve our underlying inflation problem, it is an uncomplicated restraint on federal spending. The time to enact indexing has come."