



NEWS from U.S. Senator Bob Dole

(R.-Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

FOR IMMEDIATE RELEASE
SATURDAY, SEPTEMBER 30, 1978

CONTACT: BILL KATS
202-224-8947

DOLE WILL OFFER TAX EQUALIZATION AMENDMENT (T.E.A.)

NASHUA, N.H. -- Sen. Bob Dole (R-Kan.) said today that he will offer the Tax Equalization Amendment (T.E.A.), a method of automatic yearly tax cuts to offset inflation, which will be debated on the Senate floor when the tax bill comes up later this week. Dole, a member of the Senate Finance Committee, introduced a similar measure in committee last week which was narrowly defeated.

"I don't think we should continue to permit inflation to rob the American people of their hard-earned dollars by forcing them into higher and higher tax brackets each year," Dole said, addressing the Nashua Lions Club.

The Dole proposal, a form of tax indexing, would increase both the personal exemption and the zero bracket (formerly the standard deduction), and widen certain brackets to prevent taxpayers from being thrown into higher tax brackets because of inflation.

T.E.A. 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.

"The Tax Equalization Amendment would commit the government in advance to slashing individual income taxes next year, the year after that, and forever -- as long as inflation continues to force ever-increasing taxes on hard-working American families each year," Dole said.

"T.E.A. is an idea whose time has come, and I'll be pushing for its inclusion in the tax cut bill. It's fair. It tells government not to expect bigger revenues each year because government won't be allowed to tax increases in income brought on by inflation. If government needs more money, Congress will have to enact a tax increase, not permit inflation to do the dirty work."

Dole characterized the Administration-proposed home insulation tax credit as "a prime example of a wasteful -- and costly -- government incentive."

"The fact is, there is a severe shortage of insulation in this country. The manufacturers are operating at capacity. A tax credit would only further drive up the price of insulation, since Americans are already insulating their homes -- without a tax credit -- in record numbers.

"I've opposed this tax credit for some time. And now it appears that the Energy Tax Conference Committee will drop it, saving the government \$1 billion a year."



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REMARKS OF SENATOR BOB DOLE

NASHUA LIONS' CLUB

NASHUA, NEW HAMPSHIRE

SEPTEMBER 30, 1978

More than forty years ago, several years after the Nashua Lions' Club was founded, in the midst of the greatest economic depression and most widespread human suffering our country had ever experienced, President Franklin D. Roosevelt sought to revive America with a multitude of government actions and government programs. Some worked better than others. Some are still with us today. Some were declared unconstitutional and some did more harm than good.

In the four decades that have passed since then, government has committed itself more and more actively to the spirit of charity and compassion for those in need.

So great is that commitment today that Roosevelt's programs, revolutionary as they were in their day, seem almost stingy by comparison.

And yet, the problem of government's "occasional faults" has grown, as well, with the passing of time. Those "occasional faults" have become more and more frequent, more and more expensive, as government has grown larger and larger. So much so that the American taxpayer is beginning to see more faults than virtues in government programs of all kinds.

SERVING THE COMMUNITY

As members of the Nashua Lions' Club, you have a well-deserved reputation for helping people in need. You didn't get that reputation by running programs that didn't work. People can see the results of your work. They can see that you are constantly trying to improve the quality of your service to the people of your community.

The long-standing commitment of the Nashua Lions' Club--and Lions' Clubs throughout the nation--to the blind and to the handicapped is well known. And this Club's extraordinary efforts in building, operating, and supporting the Friendship Club for the handicapped citizens of Nashua is a particularly outstanding example of your unselfish dedication to improving the lot of the less fortunate.

All I can say is, I wish the government in Washington had a few more Lions on the payroll. I also wish we could get more civic involvement at the local level and not have to rely so heavily on government in Washington.

GOVERNMENT AND VOLUNTEERS

There are obviously some areas where government involvement is essential. Government has an obligation to help those who cannot help themselves, to make life more bearable for the needy, to feed those without food, to improve the standard of living for all people. But without strong volunteer efforts by Lions' Clubs, other service organizations, and community-oriented charities, the burden on government would be far more onerous. Our taxes would necessarily be higher. And federal, state, and local spending would skyrocket.

At a time when the so-called "taxpayers' revolt" is sweeping the nation, the taxpayers of America should stop and pay tribute to voluntary organizations of men and women who are dedicated to providing services which, would otherwise be financed by tax-supported institutions.

NATURAL ECONOMIC PROBLEMS

Many of us may need help from government, sometime. But today, I think most would agree that the government can help most be getting its fiscal house in order--by holding the line of federal spending, by reducing the people's taxes, by balancing the federal budget.

What makes it difficult for Americans to balance their budgets today is that the government refuses to balance its own. Every time the cost of living goes up by 10%, government revenues go up by 16%. There is no incentive for government to stem the inflation because government doesn't suffer from inflation. In fact, government is inflation's most satisfied constituent.

BALANCED BUDGET

What this country needs is a constitutional mandate for a balanced budget. And I've proposed just that--a clear, unequivocal constitutional commitment to put an end to year after year of government red ink, a legal directive which will make fiscal responsibility not just a campaign promise, but the law of the land.

When government begins balancing their budget, the people of the United States will have an easier time balancing theirs because a balanced budget law will force the federal government to reduce its spending, eliminate waste, and hold the line on taxes--just like the state government here in New Hampshire has done.

Until we balance the federal budget, inflation is going to continue at unacceptable levels. Consumers are going to be forced back on consumption. Producers will produce less. Fewer jobs will be created. The savings of the elderly will continue to be eroded. Everyone--Lions' Clubs, cities, states, businesses and labor unions--will suffer.

TAX EQUALIZATION AMENDMENT

I don't think we should continue to permit inflation to rob the American people of their hard-earned dollars by forcing them into higher and higher tax brackets each year.

Inflation is our number one tax problem. As taxpayers receive more income to keep up with inflation, they are forced to pay a greater proportion of their income in taxes. For example, a taxpayer who earns \$15,000 in 1978 will have to earn \$16,200 in 1979 just to stay with our 8% inflation rate. However, his real tax liability will be increased \$260. An individual, earning \$30,000 will have to increase his income up to \$32,400 just to stay even with inflation but his tax bill will rise by \$850.

That's why I'm sponsoring legislation which would mandate automatic yearly tax cuts to offset inflation. The tax equalization amendment--T.E.A.--would commit the government in advance to slashing individual income taxes next year, the year after that, and forever--as long as inflation continues to force ever-increasing taxes on hard-working American families each year.

T.E.A. is an idea whose time has come and I'll be pushing for its inclusion in the tax cut bill which will be debated on the Senate floor later this week. T.E.A. is simple. It is fair and it is equitable. My proposal would require periodic

inflation adjustment to our tax laws. If the tax brackets, the personal exemption and the standard deduction were increased every year to reflect tax-inflation, Americans would not experience these unlegislated, automatic and unsigned tax increases.

Under my proposal, if inflation is 6% and the personal exemption is \$1000, as it appears it will be, the exemption will increase by \$60 and become \$1060.

It tells government not to expect bigger revenues each year because government won't be allowed to tax increases in income brought on by inflation. If government needs more money, Congress will have to enact a tax increase, not permit inflation to do the dirty work.

HELP FOR THE HANDICAPPED

As you know, since the 1940's the blind--for whom the Lions have done much good work-- have been permitted to claim an additional personal income tax exemption on their tax returns. On Wednesday, the Senate Finance Committee adopted my amendment to allow the severely disabled to claim this additional exemption, thus ensuring that they will be treated equally under our tax laws.

The severely disabled have additional expenses which other people do not have. My amendment would provide an additional exemption to an individual or his spouse when the disabled are not receiving direct government payments. Thus a husband or wife who has a disabled spouse can receive some kind of government help.

I might add that this is a proposal that is widely supported by the public. A recent Roper Poll given to the Senate Finance Committee showed that 84% of the American public favored granting an additional personal exemption to the severely disabled.

GOVERNMENT STILL IMPORTANT

Of course, tax cuts are politically attractive. And few elected officials will contest the need for government spending restraint. But we cannot and must not advocate unrealistic tax reduction policies which would force government to turn a deaf ear to the unquestioned needs of our cities, dismantle the defense establishment, or abandon its commendable efforts to help the needy.

We know, and the American people know, that they needn't be taxed out of house and home to finance government which is compassionate yet frugal, responsive to people's needs and responsible to pocketbook realities.

VOLUNTEERS NEEDED

In my opinion, it's a tragic mistake to think that the federal government -- or government here is Nashua or in Concord -- had the right, or even the obligation, to right every wrong, cure every ill in American society.

For example, the Administration proposed in its energy plan a generous tax credit for the insulation of homes. While this idea has surface appeal, I think it's a prime example of a wasteful-- and costly-- government incentive.

The fact is there is a severe shortage of insulation in this country. The manufacturers are operating at capacity. A tax credit would only further drive up the price of insulation since Americans are already insulating their homes -- without a costly tax credit -- in record numbers.

I've opposed this tax credit for some time. And now it appears that the energy tax Conference Committee will drop it, saving the government \$1 billion a year.

This money, instead, can be used where it is really needed -- or given back to the American people in the form of lower income taxes.

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I'm sure that many people who insulated their homes would like this windfall tax credit. But, as President Ford was so fond of saying, "A government big enough to give you everything you want is a government big enough to take from you everything you have."

But there are limits -- both philosophical and economic -- beyond which government should not tread.

I'm frankly more impressed when I see people like you taking the initiative to solve the serious problems of our society, instead of saying "Let government do it."

This country is in desperate need of more organizations like yours, more people like you, who believe in taking a personal interest in society's problems, who believe that government has its place, and that place is not everywhere you look.

We need more people who see the potential for service in the work of the church, in the school, in civic and fraternal organizations -- people who believe that charity begins at home, not in Washington.

NASHUA LIONS

Of all the civic organizations I've known, none has a greater reputation for service than the Lions' Club. Millions of people of Nashua know well of your excellent work for all handicapped persons.

In the days, months, and years ahead, I know we can look to the Nashua Club -- and to the Lions everywhere -- for continued commitment of time, money, and energy to the betterment of the American community.