



NEWS from U.S. Senator Bob Dole

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FOR IMMEDIATE RELEASE

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DOLE REASSURES EQUIPMENT PURCHASERS ON TAX CREDIT

WASHINGTON, D.C. -- In response to a growing number of reports from equipment dealers in Kansas that Congressional delay on increasing the investment tax credit has created a "false recession" in their sales levels, Senator Bob Dole today offered reassurances that any change adopted would be retroactive to at least January 22 of this year.

"What has happened here is that prospective purchasers of machinery, implements, and other items which would qualify as capital improvement outlays, have held off on their buying in anticipation of a higher credit later on," Dole explained, "and I can certainly appreciate their anxiety."

"However," he continued, "both the Ways and Means Committee in the House and the Finance Committee in the Senate have recognized this development and publicly announced that the effective date of the finally agreed-to credit increase will be no later than January 22 -- the day that hearings began on the tax cut bill under consideration."

"It was hoped that by doing so we would encourage businesses to go ahead with their investment plans, rather than forestalling them until an official date is legislated," the Senator added. "And since the increase is practically a foregone conclusion, I see no reason why they cannot proceed in all confidence that their expenditures will qualify."

Dole advised that work on the tax reduction legislation, which includes an increase in the investment credit from 7 to 10 percent generally, and from 4 to 10 percent for most public utilities, was completed in the House last Wednesday, and that floor debate should commence by the end of this week.

"After that, the proposed changes will be given expeditious review in the Finance Committee, and although there is always the possibility that final action may be delayed by attempts to tack on a repeal of the oil depletion allowance, I firmly believe that a bill will be sent to the President before the end of March," Dole stated.

"In any event, a later effective date for the investment credit adjustment is totally improbable, since the Administration has called for an increase of 12 percent retroactive to January 1. As ranking minority member of the Internal Revenue Code Subcommittee, I think I am safe in assuring Kansas businessmen and industries that they will definitely benefit from the change with respect to any investments made from here on out."

The increase in the investment tax credit is among the temporary measures designed to stimulate the sagging economy by creating a further incentive for businesses to undertake new construction, reconstruction, or installation of equipment. It would accomplish this by providing them an additional tax break on capital investments made before January 1, 1976.