



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 225-6521
FOR IMMEDIATE RELEASE CONTACT: JANET ANDERSON
MONDAY, MAY 12, 1975

DOLE WILL OFFER HOME CREDIT AMENDMENT

WASHINGTON, D.C. -- Senator Bob Dole announced today that he would initiate action soon to enable more homes to qualify for the new \$2,000 tax credit recently authorized by Congress. This he would do by proposing -- on the first tax bill to come through the Senate Finance Committee -- an amendment to clarify the "ever offered for sale" restriction on the new principal residence purchase provision.

"As the law now stands," Dole advised, "there is so much uncertainty over which new homes can qualify for the 5 percent credit that builders are reluctant to give out any assurances of entitlement to prospective buyers. The result, of course, is that the residences in question are passed over and don't get sold -- and in most cases these are the ones which have been in inventory the longest."

The Senator pointed out that the primary factor contributing to the eligibility confusion is a requirement -- tacked on during the House-Senate Conference on the Tax Reduction bill -- that the selling price of a new home be certified as the lowest ever advertised. "That language was added to satisfy some who thought builders might abuse the credit provision, but I don't think anyone realized at the time what problems it would create."

"Now it appears that more than 85 percent of new homes on the market have had price adjustments since their completion to offset carrying costs -- interest, taxes, inflation, maintenance, and the like -- and builders simply cannot justify absorbing those expenses in order to qualify them for the tax break," Dole continued. "Unfortunately, this has the effect of frustrating the whole intent of the original provision: that of reviving the housing industry by stimulating sales."

Dole stated that he believed it was reasonable to establish a time-certain cutoff date -- for example, January 1 of this year, or possibly September 13, 1974, an even six months prior to first consideration of the purchase credit -- so that the "price-gouging" concerns could be eliminated while still preserving the basic thrust of the allowance. "Regardless of the merits of the concept itself -- and whether everyone agrees that it is desirable and appropriate, I think we are all in favor of the laws which are on the books being administered fairly and equitably," he remarked.

The Senator went on to note that the Treasury Department is just as eager as the housing industry to have this controversy resolved in a way that will make the tax credit stipulation uniformly applicable and realistically enforceable. "The amendment I will offer in Committee will accomplish those objectives," Dole stated. "There are formal bills pending in both the House and Senate to address this problem," he added, "and they have my full support. But in all practicality, nothing is going to happen until we take the matter up in Finance as I am suggesting."

Dole hinted that the first opportunity to bring up his amendment might be during deliberation on energy legislation next month. The Senate Finance Committee handles all tax-related measures, and Dole is Ranking Minority Member of that panel's Subcommittee on the Internal Revenue Code.