



NEWS from U.S. Senator Bob Dole

(R.-Kans.) New Senate Office Building, Washington, D.C. 20510 (202) 224-6521
FOR IMMEDIATE RELEASE
Thursday, April 7, 1977

DOLE, DANIEL ASK CARTER TO SIGN SICK PAY BILL QUICKLY

Washington, D. C. -- The Senate completed Congressional action today on a bill to delay the effective date of a change in the taxation of sick pay. The legislation was cleared and sent to the White House eight days before the April 15 deadline for payment of taxes on 1976 income.

Senator Bob Dole (R-Kan) and Congressman Robert W. Daniel, Jr. (R-Va), principal advocates of the measure, urged President Carter to sign the bill into law promptly despite the past opposition of the Treasury Department.

The letter sent to the President by Dole and Daniel follows:

On the first day of the 95th Congress, we jointly introduced legislation, S. 4 and H.R. 318, to delay the effective date of Section 505 of the Tax Reform Act until January 1, 1977. Since that time, we have had the necessary funds for this change included in the Third Concurrent Budget Resolution. Today, the Congress completed final action on similar legislation. The House unanimously accepted the proposal by a vote of 404 to 0, and the vote in the Senate was equally overwhelming.

Over a million elderly, retired and disabled taxpayers have been adversely affected by this retroactive imposition of tax liability. We feel that it is unfair to place additional tax burdens on these people -- especially since they have had little time to plan for this unexpected expense. Many retirees will be forced to borrow money to pay these large additional taxes if this legislation does not become law.

The Treasury Department has opposed this legislation in the past because of the administrative inconvenience. However, we feel that the inconvenience to the government is small compared to the immense burden the Tax Reform Act placed on these taxpayers. Fairness is not a matter of convenience. We sincerely hope that you will overrule the Treasury Department and respond to the grave hardship facing these Americans.

April 15 is rapidly approaching and we feel that any further delay is unnecessary. Therefore, we ask that you sign this legislation into law at the earliest possible moment.

The Tax Reform Act that Congress approved last October repealed the exclusion of up to \$5,200 a year in sick pay from income taxation. But the provision was made effective retroactively to the beginning of 1976, which meant that it would cover some payments for which no taxes were withheld.

Both the House and Senate voted to postpone the effective date until this year, which means it would make sick pay taxable in 1977 and thereafter.

Dole said earlier that the retroactive tax would be a severe economic blow to thousands of people who were disabled and unable to work last year, because the taxes were not anticipated.

In his previous statement, Senator Dole declared:

The manifest unfairness of this retroactive law compels swift action. Although the Treasury Department has consistently opposed this legislation in the past, I hope that President Carter will consider the untenable position the affected taxpayer find themselves in. I hope he will respond to the anguish and uncertainty these people have been in since last October.

Congress completed its action before the two houses recessed for the Easter holiday. On Wednesday, the House refused to accept amendments that had been attached to the legislation in the Senate. The Senate then agreed to the sick pay provision without the amendments objected to by the House.