



NEWS from U.S. Senator Bob Dole

(R.-Kans.)

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DOLE DANIEL ASK PRESIDENT'S HELP ON SICK PAY TAX MEASURE

Washington -- Two Republican sponsors of legislation to delay the effective date of a change in the taxation of sick pay asked President Carter today to clarify the Administration's position on the proposal.

Congress will be in recess next week. So the measure cannot be completed and sent to the White House before the April 15th deadline for payment of taxes on 1976 income. Sen. Russell Long (D-La.), chairman of the Senate Finance Committee, declined to bring the matter to vote on Thursday, the final day before the Senate recess, because of the "probability" that the President would "seriously consider" vetoing it.

Earlier, officials of the Treasury Department opposed the proposal by Sen. Bob Dole (R-Kan.) and Rep. Robert W. Daniel Jr. (R-Va.) that would retain the sick pay exclusion until taxes are due on 1977 income. The Tax Reform Act that Congress approved last October repealed the exclusion of up to \$5,200 in sick pay from income taxation.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.

The Senate and House both voted overwhelmingly in favor of the retention of the exclusion through the 1976 tax period. But the two houses were unable to agree on unrelated amendments to the bill.

Friday's letter to Carter from Dole and Daniel follows:

"Dear Mr. President:

Over a million disabled retired taxpayers have waited with uncertainty as to the final decision on the fate of the sick pay exclusion for 1976.

On April 6, the Senate unanimously passed legislation to delay the effective date of section 505 of the Tax Reform Act until January 1, 1977. Yet, the Senate leadership failed to bring the matter up for a vote by the Senate the next day -- after the House returned an amended version. Apparently, the major reason for this totally unexpected inaction was the Finance Committee chairman's statement that the legislation faces possible veto.

As the original sponsors of this legislation, we will attempt to gain final Congressional approval immediately following the holiday recess. It is our sincere hope, therefore, that you will overrule the objections of the Internal Revenue Service and affirm your own support of this needed legislation. We urgently request that you commit your voice and authority to our sick pay legislation. Your commitment would allow thousands of hard-pressed taxpayers to use the filing deadline extension already available and to pay a lower, estimated tax -- confident that the Congress and President will soon enact a change in this retroactive, unnecessary, and harshly unfair tax burden. If you evaluate the equities of this imposition of a retroactive tax, I am sure you will announce the Administration's support of this bill."

Dole noted in separate remarks that individuals affected by the uncertainty of the sick pay status could either pay the additional taxes and file an amended return for a rebate later, if the legislation is eventually signed into law; or they can request an extension of next Friday's tax deadline.