



# NEWS from U.S. Senator Bob Dole

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FOR IMMEDIATE RELEASE  
MONDAY, JANUARY 15, 1979

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## DOLE INTRODUCES COMPREHENSIVE PACKAGE TO LIMIT SPENDING, EQUALIZE TAXATION

WASHINGTON— Senator Bob Dole (R.—Kansas) today introduced a comprehensive legislative package designed to limit spending by the federal government and to make the federal income tax more equitable.

Dole, ranking Republican on the Senate Finance Committee, introduced two bills on the opening day of the 96th Congress.

### Tax Equalization Act

S 12, The Tax Equalization Act of 1979, is designed to insulate taxpayers from the impact of inflation through automatic yearly adjustments of personal income tax rates.

The bill would "index" personal income tax rates— adjust them automatically to compensate for increases in the cost of living— each year for the next four years.

"Despite all the political rhetoric about tax cuts during the 95th Congress, more than 80 percent of American taxpayers can expect a tax increase this year," said Dole. "My Tax Equalization Act would adjust the personal income tax rates, the personal exemption and the zero bracket amount to reflect increases in the cost of living as measured by the consumer price index during the previous year. The Act is effective beginning with tax years after 1980, and will remain in effect for four years, at which point Congress will have an opportunity to review and determine whether to continue the indexing adjustments," said Dole.

"The effects of taxflation are dramatic. Consider the dilemma of a family of four who earns \$15,000 in 1979. Assuming an inflation rate of 8 percent in 1979, the family has to earn \$1,200 more in 1980, or \$16,200, just to stay even with inflation. But, the family does not really stay even. While their income increases by 8 percent, their income taxes actually increase by \$258, or more than 12 percent. We must stop this kind of unlegislated increase. And indexing is the way to do it," said Dole.

Dole, who was among the first to support the concept of tax indexing as far back as 1975, predicts this will be the year tax indexing will pass.

"Tax indexing will soon become a reality. Last year, during the consideration of the Revenue Act of 1978, an amendment which I introduced with a number of my distinguished colleagues received widespread, bipartisan support. Although my proposal did not pass, it did garner more votes than the widely publicized 33 percent across-the-board tax cut. This year I think we'll win passage in the Senate," concluded Dole.

### Spending Limitation Act

S 13, The Spending Limitation Act of 1979, is designed rein in federal spending. "The most pressing problem facing Congress is the expanding role— and cost— of government," said Dole. "My Act would limit federal spending as a percentage of GNP. Under the projected figures for the current fiscal year, federal spending will be approximately 22 percent of GNP. I believe it is time to return the percentage to its historic level of 18 percent. The Spending Limitation Act requires the government to decrease spending as a percent of GNP until it reaches 18 percent in 3 years. In order to maintain some flexibility, spending may rise if the increase is approved by 2/3 of both houses of Congress."

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