

News from Senator

BOB DOLE



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EMBARGOED FOR RELEASE, 1:30 P.M.
THURSDAY, APRIL 9, 1981

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ROSTENKOWSKI ONE-YEAR TAX CUT NOT DEEP ENOUGH, DOLE SAYS

WASHINGTON -- Finance Committee Chairman Senator Bob Dole (R-Kan.) today termed House Ways and Means Committee Chairman Dan Rostenkowski's views on tax legislation "a constructive addition to the tax cut dialogue," but added that the nation needs more than the one-year "shot-in-the-arm" tax cut that Rostenkowski proposes.

Rostenkowski unveiled his tax plan today in a speech before the Chicago Association of Commerce and Industry.

"I believe that Chairman Rostenkowski's speech today in which he outlined his views on tax legislation is a constructive addition to the tax cut dialogue," Dole said. "His basic endorsement of the urgent need for a tax cut and deep reductions in federal spending is encouraging. The speech tends to more clearly draw the line between the President's economic program and this Democratic tax cut alternative.

"Mr. Rostenkowski has proposed a \$40-billion one-year tax cut. His proposed depreciation component is not unlike the one that President Reagan recommended. On the individual side, however, there are differences.

"In my view, a one-year individual tax cut does not effectively respond to the economic needs of the country. We need more than a one-year 'shot-in-the-arm' tax cut. Rather, what we need is a multi-year tax reduction program that fundamentally reverses the trend toward a greater and greater share of the Gross National Product being claimed by federal taxation. We should not forget that large tax increases every year are built into our tax system.

"Chairman Rostenkowski's alternative, in my view, is also not large enough. His \$40-billion tax cut is not big enough to even offset the added drag on the economy caused by increased federal taxes next year. It is estimated that in fiscal year 1982 alone tax increases due to 'bracket creep' and Social Security taxes will add \$47.5 billion to the individual tax burden of all Americans. Over the next three years that figure will total \$230 billion. Accordingly, I believe our economic situation demands a tax cut closer in size to that proposed by the President.

"A number of the elements of Chairman Rostenkowski's package have merit. Indeed, most have been sponsored by Republicans and were included in the \$51.1-billion Finance Committee bill last year. For example, the capital gains reduction, the IRA expansions, the research and development credit, marriage penalty relief, and the easing of the taxes of Americans working abroad are all appealing. While we may want to enact many of these proposals this year, they are not a substitute for substantial marginal tax rate reductions."