

## News from Senator

# BOB DOLE



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### DOLE GUIDES TAX PLAN THROUGH SENATE FINANCE COMMITTEE

WASHINGTON -- Finance Committee Chairman Senator Bob Dole (R-Kan.) today guided the Finance Committee to a 19-1 final approval of an Administration-backed tax plan to cut individual income tax rates by 25 percent over a 33-month period.

"The Finance Committee not only put together the largest tax bill in history at a record pace -- three and a half days, to be exact -- but it did so with virtual unanimity," Dole said following the vote. "I spoke with President Reagan this afternoon, and he was impressed by the speed with which the Finance Committee acted on this bill. He also told me that the 19-1 vote indicates clear bipartisan support for the package, and he expressed the hope that the momentum generated in committee would spill over to Senate floor debate on the bill."

"This 19-1 vote was the same margin by which the Senate Finance Committee last year approved a tax cut bill," Dole added. "It indicates the President's package is in good shape in the Senate. The vote by eight of nine Democrats on our committee should give a signal to House Democrats that independent-minded colleagues of theirs on the Senate side recognize a good product when they see it."

The committee voted to attach the bill as a committee substitute to a House-passed bill temporarily increasing the debt limit, thus clearing the way for floor action at an early date.

"We will file the bill over the recess period next week, so we will be ready to proceed once we come back from the Fourth of July holiday," Dole said. "It is my hope that we can work out an arrangement with the House to expeditiously report a congressional tax bill in accordance with the President's August 1 deadline."

Overall, the Finance Committee package will cut taxes by \$37 billion in 1982, \$92 billion in 1983 and \$150 billion in 1984.

Individual rate cuts will be phased-in over a 33-month period under the Finance Committee plan: 5 percent beginning Oct. 1, 1981, and 10 percent July 1 of 1982 and 1983. Additionally the maximum tax rate is lowered from 70 to 50 percent Jan. 1, 1982.

On the business side, the committee agreed to a 3-5-10-15 year accelerated cost recovery system. Additionally, it approved an amendment to allow companies to write off up to \$10,000 in new equipment purchases the same year in which it is bought.

Among other provisions adopted by the committee are:

- Larger deductible limits on contributions to individual and self-employed retirement plans (IRA, Keogh).
- A marriage penalty offset, providing a 10 percent deduction in taxes for married couples earning two incomes (up to \$3,000).
- An eventual \$600,000 exclusion for estate and gift taxes.
- A permanent \$2,500 tax credit for small oil royalty owners.
- Comprehensive rules to prevent commodity tax straddles to prevent conversion of ordinary income into capital gains and the deferral of income.
- New savings certificates (all-savers) - tax-exempt for one year for a maximum exclusion of \$1,000/\$2,000 - to be offered by banks, savings associations, and credit unions.
- A \$50,000+ exclusion for income earned by Americans working abroad.

The committee also agreed to introduce an indexing amendment on the floor separate from the tax bill, to become effective in 1985. The indexing provision, which Senator Dole introduced as Senate Bill 1 this session, would tie tax tables to increases in the consumer price index.