

News from Senator

BOB DOLE



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DOLE: REJECT BUDGET OF BIG TAX INCREASES AND
NO SPENDING RESTRAINT

CHAIRMAN TARGETS LOOPHOLES AND TAX BREAKS -- SETS HEARINGS

PORTLAND, OREGON -- Senate Finance Committee Chairman Bob Dole said today that if the House-Senate Conference on the federal budget produces a 1984 blueprint for tax increases and little or no spending reduction, it should be rejected.

The Kansas Republican made the remarks following a meeting with top Oregon business leaders and state officials.

Stating that new revenue -- if needed -- should come from tax reform, not tax increases, Dole also announced his Finance Committee will hold a series of hearings later this month on spending cuts, tax loopholes and taxpayer compliance.

"Although the Williamsburg Summit Conference is over, the international message to Congress is clear -- reduce the deficits or jeopardize global economic recovery," Dole said. "Congress must follow the lead of President Reagan and the other free-world leaders in pushing for responsible action on economic problems."

"Unfortunately Congress has spent nearly half a year bogged down in the budget process and has failed to produce a plan that offers any real hope -- to us or the rest of an anxious world -- for lower deficits, consistent with a sustained recovery. The House budget resolution raises nondefense spending by nearly \$16 billion, while the Senate resolution cuts such spending by only \$4.6 billion. It is obvious the bulk of the burden of reducing the deficit will be handed to the House Ways and Means Committee and the Senate Finance Committee, with \$120 billion in new revenues required under the House plan over three years and \$73 billion under the Senate plan," Dole said.

Dole noted that eleven of the twenty Members of the Finance Committee voted against even the \$73 billion in additional taxes contained in the Senate budget resolution.

"Given the sharp division on the Committee about increasing taxes," Dole warned, "a budget conference that calls for huge tax increases will give the tax writing Committees an impossible job. If the Conferees press for unrealistically high taxes, the result may be no revenue increase at all."

Dole stated that it would be "unfair" to raise taxes when so many loopholes thrive in the tax code.

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"When looking for revenues, we ought to emphasize broadening the tax base and collecting more taxes due under existing law. There is no reason for raising taxes or taking away the tax cut until we have improved tax compliance and tightened up some of the generous 'tax breaks'. In particular, the rate cuts for individuals and tax indexing provision of President Reagan's program ought to be kept," Dole said.

As a result, the Chairman today set the following hearing dates:

- Administration's Spending Reduction Proposals: June 15 and 16
- Taxation of Fringe Benefits and the Employee-Paid Medical Cap: June 22
- Tax Compliance Improvements: June 23
- Assorted Tax Expenditures: June 28 and 29

Senator Dole noted that the proliferation of new tax breaks must be controlled. "Even though the country faces mammoth budget deficits, the Finance Committee is daily referred dozens of new tax bills calling for tax cuts to promote a vast array of worthy objectives. If we enacted all of these pending 'tax break' bills, the revenue loss would undoubtedly run into the tens of billions. We need to stop and examine tax abuses that already exist before we add new loopholes."

"It would be unfair to raise tax rates when the tax base is so full of loopholes," Dole continued. "Low and moderate income taxpayers get 72 percent of the benefit of the third year tax cut and 80 percent of the benefit from indexing. Those taxpayers need relief, and should not have that relief taken away from them to save an unjustified tax break, to make up for those cheating on their taxes, or to spare a spending program that has ballooned out of control."