

RAHALL

Weekly Report

TAX BILL

● Mr. RAHALL. Mr. Speaker, after very careful consideration, I have decided to support this very important legislation, for the following reasons.

Some claim that this bill will further inflict personal sacrifices on the elderly and low and middle income families of America. The tax increase does not affect the average taxpayer. Most of the new revenues are raised from increased taxes on business, upper-income individuals and from closing a number of loopholes and tax shelters created by the Reagan Tax Act of 1981. The facts will show that this important revenue raising measure will attack deficits and high interest rates by cutting spending less than might otherwise occur and ensuring that everyone pays his fair share of the tax burden.

Withholding on interest and dividends is not a tax increase measure; it merely insures that those taxpayers having this type of income pay their proper tax under present laws. Elderly and low income taxpayers are largely exempt from withholding under the exemption levels provided in the conference agreement. Elderly couples with income of \$22,214 or less will be exempt next year as well as elderly individuals with \$3,323 or less. At these levels nearly 90 percent of all elderly persons will be eligible for exemption.

Many of the loopholes to special interests open by President Reagan's Economic Recovery Tax Act of 1981 will be closed by this bill. The legislation is designed to ensure that all persons who would otherwise avoid taxes because of tax preferences—pay at least some tax. In addition, provisions that allow U.S. oil companies use of foreign tax credits to avoid U.S. tax on other income will be eliminated.

Besides maintaining many vital domestic social programs, which I feared might face further elimination by this administration, and leaving social security untouched, this bill also provides an extension of unemployment compensation benefits for a period of 10 weeks to some 25,000 unemployed West Virginians who stand to lose all means of economic support when State unemployment benefits run out of funds in September of this year.

Therefore, for the reasons that have become apparent to me, I support H.R. 4961 in an effort to reduce the biggest Federal deficit in history created by the biggest tax reduction in history and the biggest military spending increase in history.●