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Statement by Mike Mansfield before the Finance Committee in Support of Amendment 2-27-57 - B

Mike Mansfield 1903-2001

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March 21, 1957

STATEMENT BY SENATOR MANSFIELD
BEFORE THE FINANCE COMMITTEE
IN SUPPORT OF AMENDMENT 2-27-57--B TO H. R. 4090

Mr. Chairman, and members of the Committee, I am pleased to appear here today as a proponent of the amendment which I have co-sponsored with Senator Fulbright. I understand that Senator Fulbright discussed this amendment with you at some length on Tuesday morning, and I will not burden you with a repetition of that discussion. I appear here to express my hope that you will see the merit of this amendment and that you will modify H. R. 4090 accordingly. I understand that this amendment is substantially the same as a proposal adopted unanimously by the President's Cabinet Committee on Small Business, except that this amendment does not involve a revenue loss and would increase the taxes of some large corporations by a small amount.

I am advised that some objection has been raised because this amendment does not reduce taxes for businessmen who file as individuals. Let me assure you that I favor reduction in the individual income tax rates as soon as Federal revenue requirements will permit, but I do not believe that all reasonable tax adjustments should be postponed until a general reduction can occur.

This amendment does not reduce the Federal revenue derived from corporate taxpayers. It merely redistributes the corporate tax burden so that approximately 98 percent of all corporations will have a small tax reduction.
I do not believe that the slight increase for corporations earning over $225,000 will make an appreciable difference in the success of such businesses -- but the reduction for small corporations can make a real difference for them.

I hope that the Committee will consider this proposal most carefully and that you will adopt this amendment to H. R. 4090.
FURTHER EXPLANATION:

The amendment would do two things. First, it would reduce the Federal tax burden on all corporations which have less than $225,000 in taxable income. Second, it would increase total Federal revenue in an estimated amount of approximately $20,000,000. These effects would be achieved as follows: the normal tax rate on all taxable corporate income would be lowered from 30 percent to 22 percent, and the surtax rate on taxable income in excess of $25,000 would be raised from 22 percent to 31 percent. This adjustment imposes the lower tax rate upon the lower amounts of income and imposes the higher tax rate upon the higher amounts of income.

The amendment was co-sponsored by 36 members of the Senate.

A healthy community of small businesses is essential to national growth, national prosperity and polictical health. The proposed tax amendment would provide the necessary encouragement for the modest-sized enterprise to enable it to grow and to remain strong. The tax relief proposed in this amendment will improve the competitive position of small businesses.