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Congressional Record S. 13570 - The Tax Reform - Tax Relief Measure

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THE TAX REFORM-TAX RELIEF MEASURE

Mr. MANSFIELD. Mr. President, the action last Friday by the Senate Finance Committee in ordering reported the Tax Reform-Tax Relief Act brings closer to completion what should prove to be the most singular achievement of the 91st Congress. During my years in Congress, I have never witnessed any committee devote itself more diligently to a task—in this case working from early morning to early evening for 2 solid months—than has the Finance Committee under the leadership of its chairman, RUSSELL LONG.

Last July, when the question of extending the surtax was before the Senate, Chairman LONG and the members of the Finance Committee agreed that they would report the tax reform bill by October 31. I do not believe that even they realized at the time just how much work would be involved in meeting that timetable. But rather than extend the period to accommodate the workload, they intensified their efforts to meet the original schedule. In setting such a timetable for his committee, Chairman LONG is to be particularly lauded for his efforts, for his commitment, for his cooperation, and performance.

In like manner, the ranking minority member, the distinguished Senator from Delaware (Mr. WILLIAMS)—who has for years championed the cause of tax reform—as well as all members of the Finance Committee who hammered out a full and distinct set of proposals in a relatively short period, deserve the praise and respect of the entire Senate and of the country.

The expeditious attitude of the Finance Committee should be the example for the entire Senate. The leadership will make every effort to assist the Finance Committee in completing Senate action on this bill by early December. The bill will be scheduled for floor action this month after the written report is filed and will be the first order of business after the disposition of the confirmation proceedings of Judge Haynsworth. It will be the leadership's intention to come in early each day on this bill—including Saturdays—and to stay until early evening in hopes of finishing work on the bill prior to the first week in December. The Senate can be most efficient when it devotes its full energies to a task. If no committees meet while the tax bill is under consideration on the floor, a great deal can be accomplished in 2 weeks.

With Senate disposition of this tax reform-tax relief package anticipated this session, there is no particular urgency or reason for proceeding in a separate bill with the repeal of the investment credit, the extension of the excise taxes, or the surtax extension. These are contained in the present Tax Reform-Tax Relief Act. Last July, when the original surtax extension was before the Senate, these provisions were not contained in the House-passed tax reform-tax relief bill. After the Senate acted to extend the surtax through December 31, 1969, the House added these provisions to the tax reform-tax relief package. These provisions remain in the Senate Finance Committee bill. If there is any question after Senate disposition of this tax reform-tax relief package with respect to completion of a conference prior to the end of this calendar year, the investment credit and excise tax extension can be reenacted as part of a separate bill for swift completion prior to a sine die adjournment. These two provisions must be completed this year to prevent a revenue loss. The surtax extension will be effective January 1, 1970, regardless of when passed.

The achievements of the 91st Congress shall be many, but none can surpass that which is foreseen in the Tax Reform-Tax Relief Act. It should be highlighted that this bill is one that originated solely within the Halls of Congress. The initiative as well as the followthrough was in Congress. This act will highlight again that our actions in Congress are far more significant than anyone's words.

I ask unanimous consent that an editorial published in yesterday's Washington Post commending the work of the Senate Finance Committee be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TAX REFORM GOES TO THE SENATE

Congratulations are in order for the Senate Finance Committee for sending the tax-reform bill to the floor on schedule. An immense task remains in checking the language of the bill and writing the report, but if the Senate then moves as expeditiously as the Finance Committee has done it should be possible to enact the bill before the end of the year. In our view, it would be a serious mistake for Congress to lose the momentum it has now attained by letting the bill go over into the 1970 session.

As it now stands, the Finance Committee bill is better than many supposed it would be. Chairman Russell B. Long had given the impression that his committee might indulge in a tax-cutting spree that would be highly troublesome for the Treasury. The bill that it has finally sent to the Senate would cut income taxes about $9 billion a year, offset by increased revenue amounting to $6.5 billion from reform provisions. But the impact of these cuts would be softened in some measure by postponing the full effectiveness of the reduction until 1972. In this regard the bill is somewhat more conservative than that passed by the House.

The Finance Committee must be given credit for some other improvements in the bill. Especially notable are the more equitable schedules approved for single persons and widowed or divorced taxpayers with dependents. The House had also provided relief for these overtaxed categories, but with a strange discriminatory cutoff against single taxpayers under 35 years of age. At the request of the Treasury, the Finance Committee dropped this objectionable provision and adopted a reduced schedule of rates applicable to all single taxpayers. It would require them to pay 20 per cent more than married couples filing joint returns on comparable incomes (instead of 41 per cent more under present law) and the new head-of-household rates would be about midway between the other two schedules. This equitable and workable solution should easily prevail in the House-Senate conference.

We think the committee was well advised to reject Senator Gore's attempt to substitute a higher personal exemption for the tax cuts in the House bill. The effect would have been regressive and would have further complicated the reconciliation of the House and Senate versions.

The most serious deficiency in the Finance Committee bill comes from the elimination of the House provisions designed to ease the problem of tax-exempt state and municipal bonds. The House made a realistic approach to this dilemma by offering a federal subsidy to cover the higher interest rates on bonds made taxable by the states and cities and by limiting the tax preferences that any person may pile up for himself. If the Senate version should stand, some of the wealthiest Americans, drawing millions from tax-exempt interest, would continue to pay not one cent in federal income taxes. Here are provisions that should certainly be restored on the Senate floor or in conference.

The Finance Committee also watered down the House's treatment of depletion allowances for the oil and gas industry, but the relatively narrow gaps between the bills in this area should present no major problem. Likewise the Senate committee was more gentle in its claims upon capital gains, and the conflicting provisions in regard to foundations will require substantial adjustments. No doubt the Treasury will plead for narrowing the gap between the total cuts and increases, but there are no insuperable obstacles in sight. The country appears to be much closer to the achievement of tax reform than seemed possible to many at the beginning of the present congressional session.