

TAXES



TITLE & NUMBER OF BILL:      TAX ADJUSTMENT ACT - HR 12752

ADOPTION OF RULE

ACTION OF HOUSE:      Adopted, Feb. 23, 1966

VOTE OF HOUSE:      YEAS - 326      NAYS - 50      (Roll Call #18)

DR VOTE:      YEA

MOTION TO RECOMMIT (To eliminate postponement of certain  
excise tax deductions regarding motor  
vehicles and telephones)

ACTION OF HOUSE:      Rejected, Feb. 23, 1966

VOTE OF HOUSE:      YEAS - 187      NAYS - 207      (Roll Call #19)

DR VOTE:      YEA

FINAL PASSAGE - PASSED HOUSE, Feb. 23, 1966

VOTE OF HOUSE:      YEAS - 246      NAYS - 146      (Roll Call #20)

DR VOTE:      NAY

PURPOSE OF BILL:      SEE ATTACHED COMMITTEE REPORT. Provides for graduated withholding on wage income, tightening up the filing requirements for declarations, acceleration of corporate estimated tax payments, and quarterly payments of estimated self-employment social security tax. Two-year moratorium on rate reductions scheduled under existing law for the excise taxes on passenger automobiles and telephone service. When moratorium ends, these tax rates will immediately fall to the levels which would otherwise have been applicable under present law at that time and will thereafter continue to be reduced as scheduled under existing law.

Revenue Effect:      Increase of \$1.2 billion in fiscal year 1966  
                                 Increase of \$4.8 billion in fiscal year 1967

DR STATEMENT:      The best speeches were by Wilbur Mills, Tom Curtis, and John Byrnes. The report was deceptive. As I mentioned in my remarks, it is not a tax adjustment act--it is a tax increase. Also, the report says it is designed to "contribute revenues to aid in financing the increased costs of government associated with operations in Viet Nam." That is not accurate because the domestic budget is up also.

The reason for this tax increase is that the Administration has refused to cut out unnecessary domestic spending at a time when the country is facing war costs in connection with the conflict in Southeast Asia. It seems to me that we must establish some priorities. When we have these international expenses, we must recognize that we cannot do everything at once and set aside those items of low priority to another year. This the Administration absolutely refuses to do. Furthermore, I am not satisfied that this is the way to finance increased Federal spending, namely,



by adding the telephone and automobile excises back on. They were supposed to be temporary in the first place. They are admitted to be unfair and regressive taxes. If we are going to have to increase the Federal Budget substantially, then I think there would be a better way to finance it than by these two items.

I supported the Motion to Recommit, which would have left the bill as is, except that it would have deleted those portions concerned with the telephone and automobile taxes. This means I supported those provisions of the bill involving corporate tax payment speedup, graduated withholding on wage income, and increase in declaration requirements on individual income tax from 70% to 80%. These items will result in \$1.95 billion added revenue in fiscal year 1966 out of a total of \$1.2 billion. This means that the telephone and automobile excises during fiscal year 1966 will only bring in an additional \$60 million. That is what I voted against when I voted against the bill on final passage. I voted for the \$1.95 billion added revenue when I voted for the Motion to Recommit.

The same thing is true with respect to fiscal year 1967. The timing of tax payments will be responsible for added revenues totaling \$3.625 billion out of a total of added revenues of \$4.83 billion which the bill, as passed, will provide. So my vote for the Motion to Recommit was for those additional revenues, against only \$1.204 billion in additional revenues which will come from the automobile and telephone excises during fiscal 1967.

I am in substantial agreement with the separate views filed with the Committee report, except that in my opinion they came to the wrong conclusion.

NOTE: Less than one-third of the increase in revenue needed can be attributed to the war in Viet Nam. (See bottom of page 51--Separate Views.)

SEPARATE AND DISSENTING VIEWS ATTACHED

SEE DR REMARKS, ATTACHED - Pages 3533 and 3536

SEE CURTIS, MILLS, AND BYRNES REMARKS - Pages 3534, 3529, and 3546, respectively.

CONFERENCE REPORT

ACTION IN HOUSE: Adopted, March 15, 1966

VOTE OF HOUSE: YEAS - 288 NAYS - 102 (Roll Call #36)

DR VOTE: NAY

DR STATEMENT: I voted the same way as I did on the original bill and for the same reasons. I might note that the Prouty amendment, extending Social Security benefits to those 72 years of age and over who have no coverage, was included, with modifications, but this did not change the arguments. SEE ATTACHED ANALYSIS OF THE SOCIAL SECURITY PROVISIONS, AS WELL AS OTHER CHANGES MADE IN CONFERENCE.

(More on next page)



TAX ADJUSTMENT ACT (contd.) - CONFERENCE REPORT

DR STATEMENT (contd.):

The Prouty amendment provided some assistance for people over the age of 72 not now covered by Social Security or any other government pension program. The significant thing about the amendment is that for the first time, it puts the Federal Government in the business of providing a guaranteed pension without contribution. Every other person has either received Federal Old Age Assistance, has a pension as a result of work in government, or has contributed to the Social Security Trust Fund over a period of years. The people covered by this amendment have contributed nothing, and this--from a historical and philosophical standpoint--was the significance of the amendment and the point of departure from previous legislative enactments.

Interestingly, it was the Republicans in the Senate who put this in. I personally question the wisdom of this move at a time when inflation is threatening the people of that age group who are trying to live on fixed incomes--actually taking it out of one pocket under the guise of putting it into another.

