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# Rep. Lundine Calls For Tax Cuts

WASHINGTON, D.C. — A cut in taxes, to offset some of the higher taxes that would result under the budget proposed by President Carter, has been called for by Rep. Stanley N. Lundine, D-Jamestown.

"I dispute the administration's contention that tax reduction under current economic conditions will automatically be inflationary," Lundine said. "Tax cuts designed to lower costs and promote productivity growth can be of considerable help in combatting inflation."

Among the specific cuts proposed by Lundine is a rollback of Social Security payroll tax increases scheduled to take effect under a 1977 law. Without some adjustment, individuals will pay \$7 billion more in payroll taxes in 1981 than in 1980.

"Payroll taxes add directly to labor costs and prices," Lundine said. "A reduction in these taxes will lower the costs of doing business and should result in more moderate prices being paid by the consumer."

The other tax cuts favored by Lundine include revision of accelerated depreciation rules to provide stronger incentives for business investment and a tax exemption for interest earned on passbook savings accounts. Accelerated depreciation provisions of the tax codes specify how quickly businesses can write off the costs of capital investment. The savings exemption would allow \$100 or \$200 interest earned on deposits to be tax free.

Other than calling for the enactment of the windfall profits tax bill, the administration's budget recommendations include no major tax proposals. Lundine noted that the higher payroll taxes combined with the effect of inflation pushing taxpayers into higher brackets would add at least \$25 billion to the taxes paid by in-

dividuals in 1981. Individual income taxes were last reduced by Congress in 1978.

Lundine also took issue with administration assumptions that slow growth and recession must be endured in order to bring inflation down. "Our experience through most of this last decade discredits the idea that we have to choose between inflation and recession," Lundine claimed. "Fiscal policies that

produce economic stagnation will have an

To keep from adding to the deficit and potentially overheating of the economy, cuts in taxes should be accompanied by reductions in spending, Lundine maintained.

adverse effect on investment and on productivity — at a time when we should be doing all we can to encourage national productivity growth."