



NEWS

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FOR IMMEDIATE RELEASE
2 APRIL 2003

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Taxpayers Cheer New Senate Bill to Roll Back 1993 Social Security Tax Increase

Americans for Tax Reform (ATR) applauds Sens. Gordon Smith (R-Ore) and Evan Bayh (D-Ind.) for introducing bill to roll back Bill Clinton's 1993 Social Security Tax increase.

WASHINGTON –Double taxation, more than any single factor, is the bane of meaningful tax reform. But new legislation in the U.S. Senate, introduced today by Sens. Gordon Smith (R- Ore.) and Evan Bayh (D-Ind.) will reform the tax code while lessening double taxation and the overall federal tax burden.

Introduced today, the Social Security Tax Equity Act of 2003 will reverse the section of former President Bill Clinton's 1993 tax increase, which hiked taxes on Social Security benefits for seniors.

“We believe it is time now to turn back this 10 year-old tax increase and eliminate the double taxation of Social Security benefits,” said Smith and Bayh in a letter to their colleagues in the Senate. **“Many senior citizens pay taxes a second time on their Social Security benefit if they receive additional income from savings or work.”**

Prior to 1993, seniors paid taxes on half their Social Security benefits if their combined income exceeded \$25,000 for individuals or \$32,000 for couples. But in 1993, the portion of taxable Social Security benefits increased to 85%, as individuals with incomes above \$34,000 and couples with incomes above \$44,000 became subject to the higher rate of taxation.

“Bill Clinton thought he could get away with taxing seniors – but only if they were ‘wealthy,’” said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform (ATR) in Washington, **“and then the 1994 elections hit. He learned the hard way that it’s not only immoral to tax senior citizens – or any American citizens – by 85%, but that it’s treacherously bad politics, as well,”** he continued.

Clinton's 1993 tax hike, which every Republican in Congress opposed, was the largest in American history, and its Social Security provision hiked taxes for almost 25% of recipients. Critics say that tax levels at 85% are not only immoral, but provide a strong disincentive for seniors to save or continue working.

“The road to a flat tax and meaningful tax reform first requires eliminating all forms of double taxation,” continued Norquist. **“Smith and Bayh’s legislation is an assertive step in that direction.”**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.