

## Closer look at tax reform an ill sight

When beleaguered taxpayers take a closer look at the latest federal exercise in tax reform, the situation will dishearten them.

Although the House Ways and Means Committee recently voted for a \$1.5 billion tax cut, the average tax savings for low and middle income persons will be worth less than the cost of two weeks' groceries for a family of four. The committee has made certain, however, that the wealthy will be even better cushioned against economic misfortune.

The 25-member committee, chaired by Democrat Wilber Mills of Arkansas, is expected to confirm its tax revisions this month and call for a House vote.

The committee proposed to raise the standard tax deduction to \$2,500 or 17 per cent of adjusted gross income (from the current \$2,000 or 15 per cent). The low income allowance would be raised to \$1,400 for single taxpayers and \$1,500 for those who are married. The allowance currently is \$1,300, regardless of marital status.

But these tax breaks don't amount to much. Under the new rules, a family of four which does not itemize deductions would save \$34 on income of \$8,000, \$38 on an income of \$10,000 and \$110 on an income of \$15,000.

Middle income taxpayers who do itemize their returns would be victims of the committee's "tax simplification" plan, which eliminates several itemized deductions like the state gasoline tax. In their place, a "miscellaneous" deduction of \$350 plus two per cent of the taxpayer's adjusted gross income, up to a total of \$650, is proposed. The change would give each of the estimated 33 million itemizers an average increased tax benefit of \$8 a year.

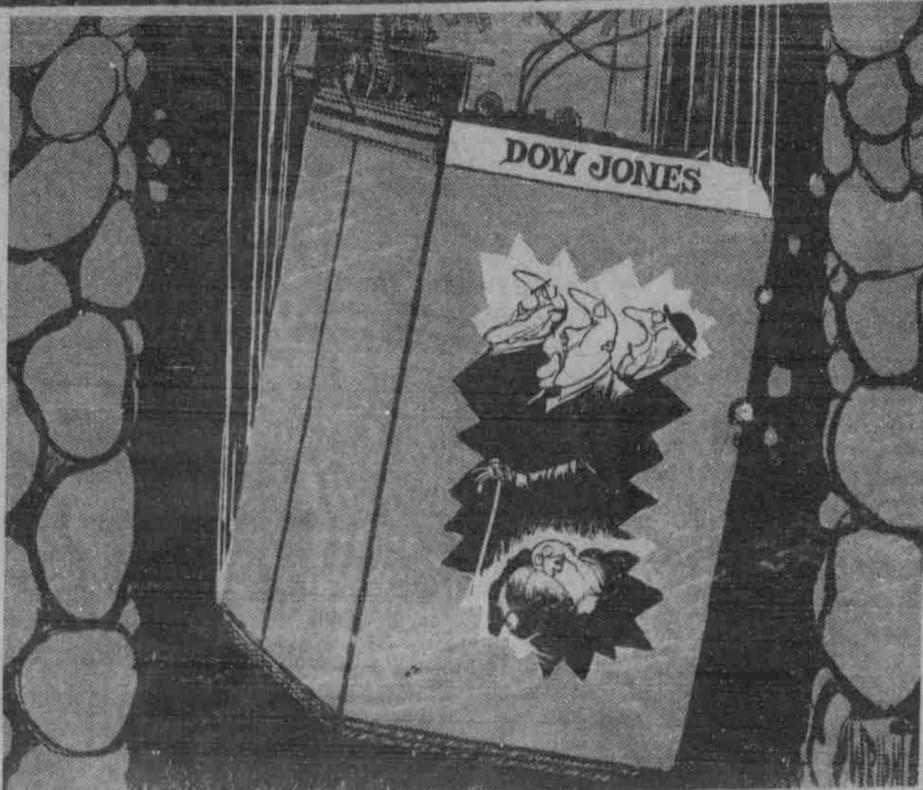
For wealthy taxpayers, the committee would ease the already generous capital gains tax exemption. The new rules would allow persons who make a profit on the sale of securities, real estate and businesses to increase from 50 per cent to 75 per cent of the amount of gains exempt from taxation. The increase is worth \$1 billion—most of which would go to the top one per cent of taxpayers who get the bulk of capital gains benefits.

Wealthy taxpayers would have yet another benefit lavished on them. The committee would reduce the maximum tax rate on investment income, which includes dividends, interest and rents—income labeled "unearned."

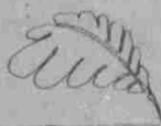
Currently, persons who make \$50,000 or more a year pay a 70 per cent tax on all their unearned income. Under the new provision, they would pay 50 per cent on the amount of their unearned income which is equal to their earned income (salaries, wages and net self-employment income).

Under a fair tax system, the rich should pay a greater share of the nation's tax burden. Other members to Congress should send this unjust measure back to Mills' committee with instructions to design a fair revenue-raising law. The bill needs to strengthen the nation's sagging economy, but the personal economics of the wealthiest taxpayers.

Jane Owens



"...Lobby, first floor, basement, sub-basement, earth's crust..."



to the editor

### Fasten-ating Subject

Dear Editor,

If your Sept. 4 editorial on seat-belt interlocks, you did such a good job of knocking down the straw man of Big Brotherism that you managed not only to evade the technical drawbacks of interlocks, but to miss the whole point of the issue.

Your contention that the wearer of seat belts could "exercise better control of his automobile after a collision" is ridiculous, if you know anything about cars. In a head-on crash, for instance, the steering gear is one of the first things to go. No steering, no control.

Interlocks have several faults. If you put packages in the front seat, you must buckle them up. An interlock is complex, including a lot of circuitry and a small computer, and if anything goes wrong with it, you may not be able to start at all. The system requires you to wear shoulder belts at all times, although they're worthless

at speeds under 45 m.p.h. and can break your collarbone in a crash.

But none of this is the real point. This is: All our legislators' remedies have been after-the-fact. None can reduce the \$50-billion-a-year tab you mention, because the only way to cut the cost of accidents is to cut the number of accidents.

There is a better way. Instead of a law requiring people to "buckle up", how about minimum standards for cars' handling and performance? (When was the last time you heard of an accident involving, say, a Ferrari Daytona?) How about more money and higher standards for driver education? How about tougher licensing requirements? How about more effort in detection and rehabilitation of drunk drivers?

I should mention that I wear seat belts whenever riding in a car.

Jim Williams

### Barking for the trees

Dear Editor,

Re: the Daily Nebraskan. We would rather have the trees.

Kent Davy  
Kyle Davy  
Pamela Davy

## Usury law archaic; 9% rate low

mark brommussen  
right turn

Occasionally an issue will come along on which all of the facts lead to one obvious and inescapable conclusion. On such issues it naturally is assumed that the proper public action will be taken.

Such ought to be the case concerning Nebraska's archaic usury law. But alas, instead of logical action, we find some of our state's leaders preparing for the fall season of "Political Football" in anticipation of the BIG GAME in November.

Our state's usury law and the economic principles involved are obviously not the political discussion topics highest on everyone's list of concerns. Newspaper reports about it are, more than likely, yawned over.

However, this is one article on the subject that should be read, because it deals not only with an economic issue, but also with the disgusting political opportunism being foisted on the people of Nebraska by some of their elected officials.

Gov. Exon has been joined by a few of our state senators in the perpetration of this fraud on the public. They have come out solidly and grandly to "hold the line on inflation" by leaving the state's usury rate at nine per cent. They have come out in defense of the "average Joe," who would have to pay the higher interest rates if the Legislature legalized them. Hip-hip-hoo-ray for the defenders of Mom, apple pie and the flag! Right? ... Wrong!

The rate of interest charged on borrowed money (now approaching 13 per cent) is national and international in scope and origin. The state of Nebraska can no more "control" that economic variable than they can "control" the temperature outside.

However, they can and have "regulated" that economic variable by setting 9 per cent as the maximum legal interest rate for most private loans made in the state.

Does this law help anyone? Yes... It helps people in other states who want to borrow money. Nebraska money is fleeing to other states in search of higher yields. Does this law hurt anybody? Yes, everyone... Graduates who want to buy a home cannot find loan money available. The housing industry (contractors, laborers, mortgage bankers, realtors, etc.) currently is experiencing a forced recession because of the unrealistic constraints of this law. The entire state will suffer eventually, because of the adverse interrelated economic effects this situation will have on the rest of our state's economy.

But Gov. Exon and other politicians the people trust continue to oppose any raise in the usury law. Doesn't the 9 per cent rate mean Nebraskans will pay less interest for their mortgage money? NO! It means they won't pay anything for interest because they won't be able to get a mortgage at all.

Perhaps the true economics of the situation will appear more clearly if compared to a mythical state law which would require all cattle sold in Nebraska to be sold for less than 25 cents a pound.

How long would it take Nebraska ranchers to load their cattle up and ship them out of the state for sale? Likewise, the state's mortgage money has been shipped elsewhere to earn more than it legally can earn in Nebraska.

So why do some unscrupulous politicians continue to fight a change in the law? Are they really so short-sighted and/or stupid they can't understand the economic situation? I think not. It is simply easier to tell the voters what they want to hear than it is to tell the voters what they ought to hear.

It is sad that in the post-Watergate politically-moralistic climate we still find politicians intent on deceiving the public that has put its trust in them.