

# SENATOR SAM ERVIN SAYS



This is the season when everyone is very cognizant of taxes. The Internal Revenue Code of 1954, 1012 pages in length, contains the federal tax laws. The Senate Finance Committee is considering the tax revision bill (HR 10650) which contains some 240 pages amending the 1954 Internal Revenue Code.

Earlier this year I stopped in Edenton and was reminded that the independence of our country arose out of the question of taxation. Rarely does a change in tax law produce agreement on what is an equitable tax provision. The proposed changes are no exception.

A steady stream of witnesses are appearing daily before the Senate Finance Committee to give testimony on the tax amendments. As passed by the House on March 29, the major provision of HR 10650 grants a seven percent investment tax credit to business enterprises. At the same time other provisions have been drafted to offset this revenue loss.

These provide stricter regulations for taxing overseas earnings, modify existing tax deductions for entertainment expenses, increase taxation of mutual insurance companies, cooperatives, and various savings institutions, provide for the withholding of twenty percent of dividends and most forms of interest at their source with certain exemptions for persons anticipating no tax liability, and provide tax deductions for costs of lobbying before the government which directly affect a taxpayer's business.

### Tax Hearings

The Senate Finance Committee has announced that it expects to hold hearings on this bill for about five weeks before "marking it up" for Senate consideration.

While I am not a member of this committee, the evidence taken by the committee will be made available to me when the hearings are concluded. The soundness of any tax proposal must be viewed in the light of two governing factors.

The need of the United States government for revenue, and the burden which a provision will im-

pose on the individual taxpayer. I am cognizant too of the truth of a statement made by the late Daniel A. Reed, once Chairman of the House Ways and Means Committee, when he said: "When you take too much taxes, you weaken the Republic, you weaken the spirit of the Republic, you discourage the people of the Republic."

I have formed no final judgment on the tax bill. Many changes are likely to be made in the bill before it is reported for the consideration by the Senate. I do appreciate the views given me by those constituents who have written to me or talked with me about the bill.

### Tax Policy

There are large considerations and judgments which will soon have to be made in the field of appropriations and taxation at the federal level. My view on this subject might be summed up in this way. I think we are going to have to have two things occur before this country can get its financial house in order.

First, is that the people of the country are going to have to exercise some restraint in demanding that the federal government make so many grants to the states and embark on so many federal programs.



**KNEADS THE DOUGH**—Singing wildly as he works, Mickey Rooney works with a large pile of dough. He is rehearsing for a scene he plays in a television show.

Second, I think that Congress itself is going to have to begin to exercise restraint in this field. I am not aware of any present power that will restrain Congress except either a demand by the people that Congress exercise prudence, or that a Constitutional amendment be enacted which will require the federal government to live within its revenues.

The unpleasant alternative is that of oppressive taxation for the generations yet unborn.

### CAPITOL CLIPBOARD

Continued from Page 3  
er of Dr. A. C. Dawson, head of the N. C. Education Association... She didn't win... but easily could have... voted most popular... Look for an announcement soon re that much discussed Wake For-

est College book and its brilliant author... Watch it, Baptists! We had this recalled to us last week as Pres. Kennedy called the hand of U. S. Steel (and made it stick): "True statesmanship is the art of changing a nation from what it is into what it ought to be..."



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