

LARSON COSPONSORS LEGISLATION TO PRESERVE SOCIAL SECURITY AND MEDICARE

FOR IMMEDIATE RELEASE: September 20, 2001

LARSON COSPONSORS LEGISLATION TO PRESERVE SOCIAL SECURITY AND MEDICARE

Tax Rate Change Proposed to Meet Expenses Needed in Response to Sept. 11 Attack

WASHINGTON, D.C. — U.S. Congressman John B. Larson (CT-01) joined several of his colleagues today at a Capitol Hill press conference to announce that he is an original cosponsor of legislation that will repeal reduction of the highest current income tax rate, leaving all other rates untouched. In light of needed emergency expenditures related to the Sept. 11 terrorist attack against the United States, the bill would divide the revenue that is saved from maintaining the highest tax rate between the Social Security and Medicare trust funds.

Under the tax cut bill that President Bush recently signed into law the top tax rate will be reduced from 39% to 36% by 2002. This bill merely prevents that change from going into effect, and does not raise taxes. The legislation will be introduced on Friday, September 22 and is sponsored by Rep. Barney Frank (MA-04).

Larson stated: "The \$40 billion that Congress appropriated in response to the horrific tragedy on September 11, combined with the blow that the attack has dealt to the American economy have placed a heavy and unexpected burden on the federal budget. This impact threatens the solvency of both the Social Security and Medicare Trust Funds, which are part of America's unbending commitment to older generations.

"The older generation of Americans already knows what it is to make sacrifices. They have lived through the Great Depression and they have lived through another day of infamy at Pearl Harbor. Social Security and Medicare must remain solvent for each and every senior while we put the much needed resources into answering last week's attack on the country and the massive costs associated with it. For this current senior population and for the members of the baby boom generation who will begin retiring down the road, these are promises we must keep. We cannot ask older Americans to sacrifice yet again and place a heavy burden on their shoulders, when we know there is a better way.

"This legislation would make only a single change in the tax law, maintaining the highest rate at its current level and leaving every other rate reduction in place. This change will affect only the wealthiest Americans, while at the same time helping to preserve the Social Security and Medicare Trust Funds," said Larson.

It is estimated that the security, defense and law enforcement measures now widely supported will cost tens of billions more per year indefinitely. This bill is expected to save the government \$100 billion dollars over the next 10 years,

thereby offsetting the \$40 billion and other spending expected as a result of the terrorist attack and economic stimulus.

-30-