

Reluctant Ford signs tax cuts

Examiner News Services

WASHINGTON — President Ford reluctantly signed the \$24.8 billion tax cut bill yesterday, guaranteeing taxpayers a shot of extra spending money soon. But he warned Congress, "I am drawing the line right here" on federal spending.

Ford signed what he called a flawed and potentially inflationary bill in a nationally televised speech, saying Congress had left him in a hopeless take it or leave it situation.

"The people of this country need to know, right now, how to plan their financial affairs for the rest of this year . . ." he said. "Our economy needs the stimulus and support of a tax cut and needs it now.

"I have therefore decided to sign this bill so that its economic benefits can begin to work," he said.

The biggest immediate benefit to the ordinary taxpayer will be tax rebate checks, which the Internal Revenue Service will start mailing May 12. But the bill also contains many temporary tax breaks for special categories of taxpayers and these angered Ford.

So low was his opinion of the bill and its excessive federal spending features, he said, that he would have voted against it were he still a member of Congress.

"The tax cuts in the bill I have just signed and other changes will bring the estimated fiscal year 1976 (federal) deficit up to approximately \$60 billion," he said.

Going to a chart in the Oval Office, Ford said Congress was contemplating more spending that could drive the deficit to the "enormous total of \$100 billion."

Ford pointed at the \$60 billion line on the chart. "I am drawing the line right here," he said.

"This is as far as we dare to go. I will resist every at-

—From Page 1

tempt by the Congress to add another dollar to this deficit by new spending programs. I will make no exceptions, except where our long-range national security interests are involved as in the attainment of energy independence."

Ford had requested a tax cut of \$16 billion. The \$24.8 billion signed was pared down from a \$33 billion Senate bill.

"The most troublesome defect of this bill is the fact that Congress added to an urgently needed anti-recession tax reduction a lot of extraneous changes in our tax laws . . . They were adopted in a hectic last-minute session before recessing. This is no way to legislate fundamental tax reforms," he said.

Ford said he will ask the lawmakers for a comprehensive review of the tax structure after they return from Easter vacation.

Under the new law, individuals will get refunds of up to 10 per cent, but no more than \$200, on taxes paid for 1974. The money will be distributed within 45 to 60 days. In the same period, everyone collecting Social Security benefits will get a one-shot extra payment of \$50.

For 1975, each taxpayer deduct \$30 from his tax bill for each member of his family. In addition, minimum and maximum standard deductions are increased for those who do not itemize such deductions.

Businesses will benefit in 1978 and 1976 from an increased investment tax credit — to 10 per cent of what they spend on new facilities and equipment instead of the present 7 per cent.

New home buyers between March 13 and Dec. 31 will be able to subtract 5 per cent of the home's cost, up to \$2,000, from their 1975 taxes.

The \$24.8 billion of tax cuts and other benefits are partly offset by \$2 billion of new treasury revenues through tax changes affecting major oil producers and multi-national corporations.

The biggest revenue-raising item, and one of the law's most controversial provisions, would end the 22 per cent depletion allowance for big oil companies while continuing a portion of it for 10,000 independent oil and natural gas producers.

The President did not mention specifically repeal of the oil depletion allowance or any of the other amendments to which he took exception.