

# Speech before the trustees and executive committee of the American Horse Council

Senator Spark M. Matsunaga Papers

Senate, Public relations, Speeches, Organizations, Box PR74, Folder 88

<https://hdl.handle.net/10524/82589>

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SPEECH BY THE HONORABLE SPARK M. MATSUNAGA  
BEFORE THE TRUSTEES AND EXECUTIVE COMMITTEE  
OF THE AMERICAN HORSE COUNCIL  
MIAMI, FLORIDA

FRIDAY, FEBRUARY 15, 1980

CHAIRMAN WARNER JONES, TRUSTEES AND MEMBERS OF THE EXECUTIVE COMMITTEE: IN ADDRESSING YOU, WHO REPRESENT THE AMERICAN HORSE INDUSTRY, I AM REMINDED OF MY CHILDHOOD WHEN I WAS FIRST INTRODUCED TO HORSEBACK RIDING. MY FATHER OWNED A HORSE AND USED TO TAKE ME FOR A RIDE ON IT EVEN BEFORE I ENTERED SCHOOL. IT WASN'T UNTIL I WAS SIX OR SEVEN YEARS OLD, HOWEVER, THAT I LEARNED THAT WHAT I HAD BEEN RIDING WAS NOT A HORSE BUT A JACK ASS. AS YOU CAN SEE, IT WAS AT A VERY EARLY AGE THAT I WAS DESTINED TO BE A DEMOCRAT. (SPEAKING OF HORSES, I THINK YOU'LL BE RIDING WITH THE WINNER IF YOU RIDE WITH CARTER).

AT THE OUTSET I WISH TO THANK YOU FOR INVITING ME TO MEET WITH YOU HERE IN MIAMI, AND LET ME CONGRATULATE YOU OF THE AMERICAN HORSE COUNCIL, FOR YOU HAVE BEEN EXTREMELY EFFECTIVE IN REPRESENTING THE INDUSTRY BEFORE THE VARIOUS FEDERAL AGENCIES AND THE CONGRESS. AMONG OTHER FEATS, YOU SUCCEEDED IN DEFEATING LEGISLATION PROPOSALS SEEKING TO PREVENT HORSEMEN FROM DEDUCTING OPERATING LOSSES AGAINST OTHER INCOME; YOU OBTAINED LEGISLATION CONTROLLING THE GROWTH OF INTERSTATE

OFF-TRACK BETTING; YOU PREVENTED COMPLICATED SECURITIES AND EXCHANGE COMMISSION REGULATIONS FROM APPLYING TO STALLION SYNDICATION; YOU OBTAINED SUSPENSION OF IMPORT DUTIES ON HORSES AS PART OF THE MULTILATERAL TRADE ACCORDS; YOU REVERSED A CIVIL AERONAUTICS BOARD RULING WHICH WOULD HAVE DOUBLED THE COST OF SHIPPING HORSES ABROAD; YOU PRESERVED THE CASH BASIS OF ACCOUNTING FOR MOST HORSEMEN, AND SECURED MODIFICATION OF THE WITHHOLDING TAX ON PARIMUTUEL WINNINGS. YOU HAVE INDEED BEEN SUCCESSFUL IN YOUR GOAL TO PROMOTE THE HORSE INDUSTRY.

AS INDUSTRY LEADERS, YOU ARE NO DOUBT DEEPLY CONCERNED WITH THE STATE OF THE ECONOMY AND THE EFFECT OF FEDERAL TAX POLICY ON THE ECONOMY. YOU MUST BE CONCERNED TOO THAT THE 13.3 PERCENT RATE OF INFLATION FOR 1979 AND THE ANTICIPATED HIGH RATE OF INFLATION FOR 1980, WILL GREATLY INCREASE THE TAX BURDEN ON INDIVIDUALS AND BUSINESSES.

AS YOU KNOW, THERE IS AN AUTOMATIC INCREASE IN EFFECTIVE PERSONAL INCOME TAX RATES ARISING FROM THE INTERACTION OF OUR PROGRESSIVE TAX STRUCTURE AND THE INFLATED INCOME GROWTH. AS WAGES

ARE ADJUSTED FOR INFLATION, THE WAGE EARNER IS PUSHED INTO A HIGHER INCOME TAX BRACKET; THUS, A HIGHER PERCENTAGE OF HIS INCOME IS TAXED ALTHOUGH HIS REAL EARNING HAS NOT INCREASED.

THE CONGRESSIONAL BUDGET OFFICE ESTIMATES, THAT INDIVIDUAL INCOME TAXES IN 1981 WILL INCREASE BY \$38 BILLION IN THE NEXT YEAR, RISING FROM \$238 TO \$276 BILLION, IN 1981. THE INDIVIDUAL INCOME TAX BURDEN WILL MORE THAN DOUBLE BY 1985, REACHING \$550 BILLION. THIS INCREASE WILL CHIEFLY COME FROM INFLATION.

AS FOR THE BUSINESS TAX BURDEN, THE TAX INCREASE STEMS FROM INADEQUATE DEPRECIATION ALLOWANCES WHICH DO NOT FULLY REFLECT CAPITAL COST IN OUR INFLATION CLIMATE.

MOREOVER, THE TAX BURDEN WILL ALSO BE BOOSTED BY INCREASES IN THE SOCIAL SECURITY PAYROLL TAXES LEGISLATED BACK IN 1977. THESE SOCIAL SECURITY TAX INCREASES WERE INTENDED TO ASSURE ADEQUATE FUNDING FOR FUTURE BENEFITS. NEVERTHELESS, THEY WILL GREATLY INCREASE THE TAX BURDEN ON BUSINESSES AND INDIVIDUAL WAGE EARNERS. IN JANUARY OF THIS YEAR, THE SOCIAL SECURITY TAX BASE -- THAT IS THE AMOUNT OF WAGES SUBJECT TO SOCIAL SECURITY TAX -- ROSE FROM

\$22,900 to \$25,900. AN EVEN LARGER INCREASE IN PAYROLL TAXES WILL OCCUR UNDER CURRENT LAW IN 1981; AT THAT TIME THE COMBINED RATE FOR EMPLOYERS AND EMPLOYEES WILL RISE FROM 12.2 PERCENT TO 13.3 PERCENT AND THE BASE TO \$29,700.

THIS MEANS THAT SOCIAL SECURITY TAXES, IN TOTAL, WILL INCREASE BY \$25 BILLION IN THE COMING YEAR, FROM \$162 TO \$187 BILLION IN 1981, AND UP TO \$313 BILLION IN 1985.

ALL THESE FIGURES AND PERCENTAGES MAY BE CONFUSING, IF NOT STARTLING, FOR IN EFFECT, AMERICANS IN THE NEXT YEAR WILL BE PAYING THE GREATEST PERCENTAGE OF THEIR PERSONAL INCOME IN TAXES SINCE WORLD WAR II.

IN TERMS OF THE GROSS NATIONAL PRODUCT, TOTAL FEDERAL REVENUES FOR THIS YEAR UNDER CURRENT LAW, WILL COMPRISE 20.6 PERCENT OF THE GNP. UNDER THE PRESIDENT'S PROPOSED 1981 BUDGET, REVENUES AS A PERCENTAGE OF THE GNP WILL INCREASE TO 21.8 PERCENT, THE HIGHEST LEVEL SINCE 1944. UNLESS THERE IS A TAX CUT, REVENUES AS A PERCENTAGE OF THE GNP IN FISCAL YEARS 1982 TO 1985 WILL REACH THE HIGHEST LEVEL IN OUR HISTORY, RISING TO 24.8 PERCENT OF THE

GNP IN 1985.

CONGRESS, IN PAST YEARS, PASSED TAX REDUCTION MEASURES TO OFFSET INFLATION IN THE PROGRESSIVE TAX SYSTEM. THESE TAX CUTS ALSO TENDED TO STIMULATE OUR NATIONAL ECONOMIC GROWTH, AS THEY DID IN 1964, 1969, 1971, 1975, 1976, 1977, AND 1978. IN THE THREE YEARS AFTER 1975, TAX CUTS WERE ENACTED PRIMARILY TO OFFSET INFLATIONARY TAX INCREASES.

WITHOUT THE TAX CUTS, THE INCREASE IN FEDERAL REVENUES DUE TO INFLATION WOULD HAVE REDUCED THE FEDERAL DEFICIT. HOWEVER, THE INCREASED TAX BURDEN WOULD HAVE REACHED AN UNPRECEDENTED LEVEL, AND THAT TAX BURDEN COULD WELL HAVE CREATED A SIGNIFICANT DRAG ON THE ECONOMY.

RECENTLY, INCREASING THOUGHT HAS BEEN FOCUSED ON THE NEED FOR TAX REDUCTION LEGISLATION IN 1980 OR 1981. THE SENATE AND HOUSE CONFEREES ON THE CRUDE OIL WINDFALL PROFIT TAX ACT WILL PROBABLY EARMARK HALF OF THE ANTICIPATED WINDFALL TAX REVENUES FOR FUTURE TAX REDUCTION LEGISLATION. IT IS ESTIMATED THAT THE WINDFALL PROFIT TAX WILL BRING IN \$227 BILLION OVER THE

NEXT TEN YEARS; AND THE CONFEREES IN ALL LIKELIHOOD WILL ALLOCATE HALF OF THAT AMOUNT FOR INDIVIDUAL AND BUSINESS TAX CUTS. CONSEQUENTLY, THERE IS MUCH DISCUSSION ON THE SHAPE OF THE FUTURE TAX CUT.

I BELIEVE THAT A TAX REDUCTION PROGRAM MUST FIRST PROVIDE TAX RELIEF FOR INDIVIDUAL TAXPAYERS FROM INCREASED SOCIAL SECURITY TAXES AND INFLATION. ALTHOUGH SALARIES HAVE GENERALLY BEEN INCREASED TO MEET INFLATION, TAXPAYERS HAVE FOUND THEIR AFTER-TAX SALARIES INADEQUATE TO MEET THE EVER ESCALATING COST OF LIVING. CONTINUED INFLATION COULD EVEN UNDERMINE OUR TAXPAYERS' ABILITY TO PROVIDE THEIR FAMILIES WITH THE BASIC ESSENTIALS. I BELIEVE, THEREFORE, THAT A TAX CUT MUST BE DIRECTED AT INDIVIDUALS TO RELIEVE THEM OF THE OPPRESSIVE BURDENS OF INFLATION AND NEW SOCIAL SECURITY TAX INCREASES.

I BELIEVE THAT A TAX REDUCTION PROGRAM MUST BE ENACTED TO STIMULATE OUR STAGNATING ECONOMY. GOVERNMENT ECONOMIC ADVISORS AS WELL AS MANY PRIVATE ECONOMISTS, PROJECT A MILD INFLATION FOR THE COMING YEAR. THE PRESIDENT IN HIS ECONOMIC AND BUDGET MESSAGES

TO THE CONGRESS PREDICTED A MILD RECESSION WITH A DROP OF ONE PERCENT IN THE GROSS NATIONAL PRODUCT AFTER ADJUSTMENT FOR INFLATION. EVEN THE MOST OPTIMISTIC ECONOMISTS WHO BELIEVE THAT A RECESSION WILL NOT MATERIALIZE, FORECAST A STAGNANT ECONOMY FOR THE COMING YEAR. A RESPONSIBLE TAX CUT IS THUS NEEDED TO STIMULATE OUR ECONOMY AND PREVENT US FROM FALLING INTO AN ECONOMIC SLUMP.

I ALSO BELIEVE THAT A RESPONSIBLE TAX CUT MUST BE DIRECTED AT STIMULATING BUSINESS INVESTMENTS. IT IS IMPORTANT TO REALIZE THAT IN THE LONG RUN, WORKERS' REAL EARNINGS CAN ONLY INCREASE WITH GREATER PRODUCTIVITY. YET, WE HAVE NOT MADE THE BUSINESS INVESTMENTS NECESSARY TO UTILIZE MODERN TECHNOLOGY AND TO INCREASE OUR PRODUCTIVITY. CAPITAL EXPENDITURES IN THE UNITED STATES HAVE FALLEN BEHIND THOSE IN GERMANY AND JAPAN, BOTH OF WHICH ENJOY GREATER GROWTH IN INDUSTRIAL PRODUCTIVITY THAN THE UNITED STATES. TO MEET THIS CHALLENGE A TAX REDUCTION PROGRAM SHOULD BE DIRECTED TOWARD ENCOURAGING NEW BUSINESS INVESTMENTS FOR MODERNIZATION AND GREATER PRODUCTIVITY.

CONGRESSIONAL LEADERS ARE NOW WEIGHING A VARIETY OF TAX

REDUCTION PROGRAMS TO COMBAT RECESSION, INFLATION-INDUCED TAX INCREASES, AND LAGGING PRODUCTIVITY. AMONG THE PROPOSALS BEING DISCUSSED ARE A SOCIAL SECURITY PAYROLL TAX CUT, TAX INCENTIVES FOR PERSONAL SAVINGS, EXPANDED ACCELERATED DEPRECIATION AND INVESTMENT TAX CREDITS.

WITH REGARD TO SOCIAL SECURITY PAYROLL TAXES, THE WAGE CEILING AND TAX RATES ARE SCHEDULED TO INCREASE SIGNIFICANTLY AT THE BEGINNING OF 1981, AS I STATED EARLIER. EMPLOYER AND EMPLOYEE CONTRIBUTIONS WILL EACH CLIMB FROM 6.13 PERCENT TO 6.65 PERCENT, AND THE WAGE CEILING WILL RISE BY NEARLY \$4,000 TO \$29,700.

SOCIAL SECURITY PAYROLL INCREASES HAVE AN IMMEDIATE INFLATIONARY EFFECT; PAYROLL TAX INCREASES RESULT IN INCREASED COSTS FOR CONSUMER GOODS. SOME REDUCTION IN SOCIAL SECURITY OUTLAYS OR A SUPPLEMENTARY SOURCE FOR FINANCING BENEFIT PAYMENTS WILL BE NECESSARY TO ROLL BACK SOCIAL SECURITY TAX INCREASES.

FOR EXAMPLE, IT HAS BEEN SUGGESTED THAT THE HEALTH PORTION OF THE SOCIAL SECURITY PROGRAMS BE FINANCED THROUGH

GENERAL REVENUES, WHILE LEAVING THE RETIREMENT PORTION TO BE FUNDED THROUGH THE SOCIAL SECURITY TRUST FUNDS. IT HAS ALSO BEEN SUGGESTED THAT THE CONGRESS ASSIGN A PORTION OF THE INCOME TAX INCREASES DUE TO INFLATION -- ESTIMATED TO BE \$10 BILLION IN FISCAL YEAR 1981 -- TO THE SOCIAL SECURITY TRUST FUNDS; IN THIS WAY, THE CONGRESS COULD INCREASE SOCIAL SECURITY REVENUES WITHOUT RAISING PAYROLL TAXES. THE RISING PAYROLL TAX BURDEN WILL NECESSITATE A CAREFUL RE-EVALUATION OF THE SOCIAL SECURITY TAX STRUCTURE.

WITH REGARD TO TAX INCENTIVES FOR PERSONAL SAVINGS, IT SHOULD BE NOTED THAT THE AMERICAN SAVINGS RATE, AS MEASURED AGAINST INDIVIDUALS' AFTER-TAX INCOME, IS AT ITS LOWEST LEVEL IN 30 YEARS. IN 1951, THE SAVINGS RATE WAS 4 PERCENT; IN THE LAST QUARTER OF 1979, THE SAVINGS RATE WAS 3.3 PERCENT; AND AT THE END OF DECEMBER, IT HAD PLUNGED TO 2.6 PERCENT. IN COMPARISON, LAST YEAR THE SAVINGS RATE IN WEST GERMANY WAS 14 PERCENT AND IN JAPAN IT WAS MORE THAN 20 PERCENT.

INFLATION IS THE CAUSE OF THIS DECLINE IN THE AMERICAN

SAVINGS RATE. SINCE INFLATION HAS FAR EXCEEDED THE INTEREST RATE ON SAVINGS, INDIVIDUALS FIND IT BENEFICIAL TO SPEND THEIR MONEY ON TANGIBLE GOODS RATHER THAN HAVE THEIR SAVINGS ACCOUNT PURCHASING POWER ERODED. ALSO, CONSUMERS HAVE DIPPED INTO THEIR SAVINGS TO PAY HIGHER PRICES FOR ENERGY, FOOD, CLOTHING, AND SERVICES.

TO COMBAT THIS PROBLEM, THE SENATE HAS PASSED LEGISLATION TO PROVIDE A HIGHER RATE OF INTEREST ON SAVINGS ACCOUNTS. FURTHERMORE, EARLIER THIS YEAR I CO-SPONSORED A MEASURE WITH SENATOR BENTSEN AND A NUMBER OF OTHER SENATORS TO PROVIDE A \$500 EXCLUSION FOR INTEREST INCOME. THIS TAX EXCLUSION WOULD ENCOURAGE GREATER INDIVIDUAL SAVINGS AND THE RESULTING SAVINGS WOULD PROVIDE MORE CAPITAL FOR BUSINESS INVESTMENTS.

THE SENATE FINANCE COMMITTEE REJECTED THIS PROPOSAL, BECAUSE OF THE LARGE ESTIMATED REVENUE LOSS TO THE FEDERAL TREASURY. HOWEVER, THE COMMITTEE DID ACCEPT A MODIFIED VERSION WHICH WOULD PROVIDE THE INDIVIDUAL TAXPAYER A \$200 EXCLUSION FOR INTEREST AND DIVIDEND INCOME. THIS TAX INCENTIVE FOR PERSONAL SAVINGS AND INVESTMENT WAS UNANIMOUSLY ADOPTED BY THE SENATE AS

PART OF THE CRUDE OIL WINDFALL PROFIT TAX BILL. ALTHOUGH THE ISSUE IS NOW IN CONFERENCE, I AM CONFIDENT THAT THE FINAL VERSION OF THE WINDFALL PROFIT TAX ACT WILL CONTAIN A TAX INCENTIVE FOR PERSONAL SAVINGS.

WITH REGARD TO CAPITAL INVESTMENTS, SEVERAL MEMBERS OF THE SENATE FINANCE COMMITTEE INCLUDING MYSELF, HAVE ADVOCATED THE NEED TO ENCOURAGE NEW BUSINESS INVESTMENTS FOR MODERNIZATION AND GREATER INDUSTRIAL PRODUCTIVITY. WE HAVE CO-SPONSORED THE CAPITAL COST RECOVERY ACT OF 1979. THIS MEASURE HAS WIDESPREAD SUPPORT IN BOTH THE SENATE AND THE HOUSE.

THE CAPITAL COST RECOVERY ACT WOULD ALLOW A 10 YEAR WRITE-OFF FOR STRUCTURES, A FIVE YEAR WRITE-OFF FOR EQUIPMENT, AND A THREE YEAR WRITE OFF FOR A SMALL CATEGORY OF MOTOR VEHICLES.

AS APPLIED TO THE HORSE INDUSTRY, THIS PROPOSAL WOULD ALLOW BREEDING HORSES TO BE DEPRECIATED IN FIVE YEARS RATHER THAN THE CURRENT 10 YEARS FOR ANIMALS SIX YEARS AND YOUNGER. IT WOULD ALLOW TRACK AND SHOW FACILITIES, STABLES AND BARNES TO BE DEPRECIATED IN 10 YEARS RATHER THAN THE CURRENT 25 YEARS. IT

WOULD ALLOW FARM TRUCKS, VANS, AND OTHER VEHICLES TO BE DEPRECIATED OVER THREE YEARS.

THIS ACCELERATED DEPRECIATION FOR TAX PURPOSES WOULD PROVIDE BUSINESSES WITH A BETTER CASH FLOW. THE FASTER WRITE-OFF WOULD ALSO BETTER REFLECT THE RAPIDLY RISING COST FOR EQUIPMENT REPLACEMENT.

IN ADDITION, THE CAPITAL COST RECOVERY ACT WOULD LIBERALIZE THE EXISTING INVESTMENT TAX CREDIT. THE FULL 10 PERCENT TAX CREDIT NOW APPLIES ONLY TO PROPERTY WITH A USEFUL LIFE OF SEVEN YEARS OR MORE. PROPERTY WITH A USEFUL LIFE OF FIVE TO SEVEN YEARS QUALIFIES FOR ONLY A  $6 \frac{2}{3}$  PERCENT INVESTMENT TAX CREDIT; AND PROPERTY WITH A USEFUL LIFE OF THREE TO FIVE YEARS QUALIFIES FOR ONLY A  $3 \frac{1}{3}$  PERCENT INVESTMENT TAX CREDIT. THE PRESENT CREDIT THUS PLACES A PREMIUM ON USING EQUIPMENT FOR A LONGER PERIOD OF TIME, REGARDLESS OF THEIR DECLINING EFFICIENCY. THE PRESENT CREDIT CERTAINLY DOES NOT FAVOR EQUIPMENT WITH SHORT USEFUL LIVES.

TO CORRECT THIS SITUATION, THE CAPITAL COST RECOVERY ACT

WOULD EXTEND THE FULL 10 PERCENT INVESTMENT TAX CREDIT FOR QUALIFIED ASSETS WITH A USEFUL LIFE OF FIVE YEARS OR MORE. IT WOULD ALSO ALLOW A 6 PERCENT CREDIT FOR QUALIFIED ASSETS WITH A USEFUL LIFE OF THREE TO FIVE YEARS. IN THIS WAY, THE INVESTMENT TAX CREDIT WOULD ENCOURAGE BUSINESSES TO REPLACE THEIR EQUIPMENT SOONER AND ENHANCE THEIR RATE OF PRODUCTIVITY.

IT IS ESTIMATED THAT THE CAPITAL COST RECOVERY ACT WOULD RESULT IN AN ANNUAL REVENUE LOSS OF \$20 BILLION THROUGH REDUCED INCOME AND CORPORATE TAX LIABILITY. THE PROJECTED REVENUE LOSS HAS BEEN THE CHIEF STUMBLING BLOCK IN MOVING THIS LEGISLATION THROUGH THE CONGRESS. CRITICS HAVE ALSO POINTED OUT THAT A TEN YEAR WRITE-OFF FOR BUILDINGS IS FAR TOO GENEROUS AND UNREALISTIC SINCE THE VALUE OF EXISTING BUILDINGS HAS INCREASED WITH INFLATION. DESPITE THESE PROBLEMS, I BELIEVE THAT A MODIFIED VERSION OF THE CAPITAL COST RECOVERY ACT WILL BECOME A PART OF THE NEXT TAX REDUCTION PROGRAM.

IT IS ALSO MY INTENTION TO INTRODUCE WITH SENATOR WALTER D. HUDDLESTON AT THE APPROPRIATE TIME, TO BE INCLUDED IN THE TAX

REDUCTION PROGRAM, A MEASURE TO EXTEND THE INVESTMENT TAX CREDIT TO WORKING BREEDING HORSES. THE TAX CODE ALLOWS THE INVESTMENT TAX CREDIT FOR LIVESTOCK OTHER THAN HORSES; HORSES ARE EXPRESSLY EXCLUDED FROM THE INVESTMENT TAX CREDIT. THIS EXCLUSION CAME ABOUT BECAUSE OF THE GENERAL ASSOCIATION OF HORSES WITH RACING AND MORAL OPPOSITION TO GAMBLING.

I DID NOT FIND ANY CREDIBLE RATIONALE FOR EXCLUDING HORSES FROM THE INVESTMENT TAX CREDIT, AND DURING THE SENATE FINANCE COMMITTEE CONSIDERATION OF THE REVENUE ACT OF 1978, I MOVED TO EXTEND THE INVESTMENT TAX CREDIT TO HORSES. TO GAIN ACCEPTANCE OF THIS PROVISION, I MODIFIED THE PROPOSAL TO APPLY ONLY TO HORSES OTHER THAN SHOW OR RACING HORSES.

THE COMMITTEE ADOPTED THIS MODIFIED PROPOSAL AS PART OF THE REVENUE ACT OF 1978; AND THE MEASURE WAS ADOPTED BY THE SENATE AS PART OF THE BILL. HOWEVER, IN CONFERENCE WITH THE HOUSE WAYS AND MEANS COMMITTEE MEMBERS, WE ENCOUNTERED STRONG OPPOSITION TO MY AMENDMENT. THE CONFERENCE OCCURRED AT THE VERY END OF THE 95TH CONGRESS, AND LASTED LATE INTO THE NIGHT

AND WEE HOURS OF THE NEXT MORNING. THE TAX REDUCTION BILL WAS CONSIDERED ABSOLUTELY ESSENTIAL, AND THE CONGRESSIONAL LEADERSHIP HAD INSTRUCTED THE CONFEREES TO RESOLVE THEIR DIFFERENCES AND SUBMIT A COMPROMISE FOR QUICK CONGRESSIONAL APPROVAL BEFORE ADJOURNMENT SINE DIE. CONSEQUENTLY, MY AMENDMENT BECAME A SACRIFICIAL LAMB IN THE LEGISLATIVE PROCESS.

IN VIEW OF THE PRESENT ECONOMIC SITUATION AND PROJECTED TAX BURDENS, I BELIEVE THAT TAX REDUCTION LEGISLATION IS IMMINENT AND THE CONGRESS WILL ENACT A TAX CUT NEXT YEAR IF NOT IN THE CURRENT YEAR. LET ME ASSURE YOU OF MY COMMITMENT TO WORK FOR A RESPONSIBLE TAX REDUCTION PROGRAM, AND ONE WHICH WILL INCLUDE AN INVESTMENT TAX CREDIT FOR WORKING AND BREEDING HORSES -- NOT AS A MEANS OF EXPRESSING MY APPRECIATION FOR THIS OPPORTUNITY TO ADDRESS YOU, BUT TO DO SIMPLE JUSTICE.

THANK YOU VERY MUCH.

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