



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

JIM SAXTON

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## PRESS RELEASE

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For Immediate Release  
March 16, 1999

Press Release #106-15  
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### TAX RELIEF FOR ECONOMIC EFFICIENCY – Tax Changes Could Reduce Costs of Tax System –

WASHINGTON, D.C. – Joint Economic Committee's Jim Saxton (R-NJ) today released a study showing how properly designed tax policy could reduce the counterproductive impact of the tax system, raising economic output and incomes. Among other important points, the study underscores the fact that the current tax code imposes significant, excessive burdens or welfare costs on the economy. Tax changes geared to reduce marginal tax rates and limit the multiple taxation of personal saving would significantly relieve these excessive costs.

"Tax relief would contribute to improved economic efficiency, bolstering productive incentives, and thereby fostering the sustained economic growth that is so vital in circumstances of global weakness," Saxton said. "Though the economy currently is performing well, the evidence indicates that the tax system continues to impose heavy costs on the economy.

"For example, the multiple taxation of personal saving is a counterproductive policy that has contributed to the lowest personal savings rate in 50 years. This policy undermines our long-term economic vitality as well as the financial security of American families. The costs imposed by this heavy taxation of personal saving could be reduced by measures to increase IRA deductions and expand IRA eligibility, as I have recently proposed with Majority Leader Dick Armey and Democratic Caucus Chairman Martin Frost in H.R. 876.

"Measures to reduce marginal income tax rates, limit the scope of estate taxation, and expand incentives for personal saving would cushion the counterproductive impact of the current tax system. By improving the outlook for economic growth over the long term, these and like measures would also improve the prospects for successful resolution of issues related to Social Security, Medicare, and a variety of other policy questions."

Saxton emphasized that the study, *Taxation and Current Economic Policy*, concisely outlines not only the proper focus of tax policy for economic growth, but also the many reasons for taxpayer relief.

"Not only is it important to redress the significant tax burdens that have accumulated for many taxpayers in recent years," Saxton suggested, "but this is essential in order to promote higher living standards for all Americans in the future."

For more information on tax policy, please visit the JEC website at <http://www.house.gov/jec/>.

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