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THE WHITE HOUSE

WASHINGTON

March 20, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX FRIEDERSDORF *M.F.*SUBJECT: The Tax Reduction Bill

Consideration of the tax reduction bill is expected to continue throughout the evening and they still expect to finish the bill sometime tomorrow.

The recommittal motion by Senator Mansfield which carried by 85-11, broke a dead lock on extended consideration of Pastore's 8.7% social security increase which was in the process of being talked to death.

Our Senate liaison staff reports that the Senators are getting increasingly restless and particularly sensitive to White House criticism for delaying the bill.

Mansfield surprised the Senate by offering a motion to send the bill back to committee with instructions to report out a new bill, strip the \$1 billion Lockheed, Pan Am, Chrysler tax break for failing companies and a foreign tax amendment of Senator Hartke's.

As a compromise on the Pastore social security increase, they now have a \$100 one time payment to social security recipients.

Total cost of the package is \$31 billion with additional amendments expected. The bill that is now being worked on is essentially the Senate Finance Committee bill with the following additions:

1. The above mentioned social security provisions.
2. Rebates of '74 taxes would be increased from 10% with a \$200 maximum to 12% and a \$240 maximum with a minimum of \$120 if at least that much was paid in taxes.
3. A 5% credit on new homes to a maximum of \$2000.

In a subsequent vote today the foreign tax amendment was again attached to the bill by Hartke.

At this writing the oil depletion repealer which was wiped out by the Mansfield recommittal, is again being considered under a Hollings amendment.

It is predicted that cloture may be obtained tomorrow and the bill concluded sometime later on Friday.

If this is accomplished, the House Ways and Means and the Senate Finance Committee staffs would work over the weekend on preparation for the start of a conference on Monday with a goal of completion by Wednesday before the recess starts.