

The original documents are located in Box D13, folder “House Speech Tax Bill, June 28, 1950” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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MR. CHAIRMAN, this tax bill is not altogether pleasing to me for it goes too far in some instances while in other cases the relief is inadequate. However, under the circumstances and despite the proposal's shortcomings, I feel the committee's bill should be approved. I intend to vote for H.R. 5500 on final passage but it is also my intention to support the motion to recommit providing, of course, such a motion contains the provisions heretofore released to the members of the minority.

This legislation undoubtedly will not be entirely satisfactory to many citizens in East and Other Counties. By the time this bill becomes law, if it does, the tax relief may be "too little and too late" to save many enterprising small businessmen who have been combating price resistance in the retail business for many months. It is regrettable that the Administration leadership has stalled off until this late hour since tax relief when it was perfectly obvious that various manufacturing concerns and their workers were suffering because our citizens throughout the nation could not afford to pay the cost plus the prohibitive Federal excise taxes on the affected merchandise and services wanted and needed. The wartime imposed excise taxes should have been reduced or repealed early in 1949 during the first session of the 81st Congress. The Republican members of the House Committee on Ways and Means on at least two occasions attempted to force such legislative action but on each occasion were rebuffed on a straight party vote with the Democratic Party members on record against immediate excise tax relief. As a consequence of the majority party action or lack of action irreparable



have resulted to our economy. Workers have lost jobs, businesses, both retail and manufacturing concerns, have gone out of existence or have suffered tremendous losses because of the continuation of these excessively high consumer taxes. In addition, consumers have foregone purchases because they just couldn't pay the prices with these prohibitive taxes included. The blame for this delay falls squarely on the shoulders of the majority party leadership.

One of the tragedies of this tax provision bill is the failure of the committee to include a provision similar to a bill introduced by me in January, 1939, namely H.R. 8213. Under our existing federal tax laws home owners are severely penalized if and when a residence is sold. In other words, today if a home owner sells at a price above his cost he must pay a tax on the gain, but if the same home owner sells his residence for a loss, he gets no credit for this loss on his income tax return. There is no justification whatsoever for the continuation of this unfair and inequitable treatment of such transactions.

This provision in our tax code has actually contributed to the housing shortage throughout the nation. The following excerpt from a letter received by me sets forth what has happened because of the existing law in this regard -

"Here is our problem: We bought our present home in 1919 for \$4000.00. It is an eight-room house, much too large for us since our children have left. We are in urgent need of a smaller home, as an aged sister has come to live with us who is suffering from an incurable disease.



"We could sell our home for around \$2000.00, and it will cost us all of that to buy another. But the government says the difference between what we paid and what it sells for today is "profit", and takes a huge slice as a "capital gain".

"I am sure that there are many folks of our age (we are both sixty-five) who are having the same problem, and would be glad to let folks with growing families have their too-large homes to bring up their families in."

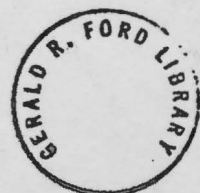
In addition many other citizens are penalized through no fault of their own when they are forced to move from one city to another for business reasons. For example, if a man lives in Chicago where he owns a home for which he paid \$10,000 and he is transferred by his company to Grand Rapids, he must sell the Chicago residence. Assume that he sells for \$12,000. Under the present tax laws he is liable for a capital gain on this transaction. When he comes to Grand Rapids to establish a home for his family he must again buy a residence. If he pays \$12,000 for his new residence, he is inequitably penalized twice even though in reality he is simply exchanging one home for another. This obvious injustice is compounded and made far worse when you realize that if he eventually is forced to sell for a loss no deduction is allowed in his subsequent tax returns.

R.R.6013 or a similar provision will some day be a part of our Federal tax legislation. Its merit is such that it cannot be ignored for long. R.R.6013 provides that if a taxpayer uses funds derived from the sale of his home for the purchase of another residence, no gain shall be recognized for tax purposes providing all money derived from the sale



is used for the purchase of the new home. Any profit not used for the purchase of a new home, under the bill, would be taxable as before. It is difficult to see why such a provision was not acceptable to the committee.

In conclusion, I wish to go on record as favoring excise tax repeal without any additional taxes of any sort. This procedure could have been followed if the President and his party leaders had made a sincere effort to reduce federal expenditures, however, under the circumstances, where there is no alternative because of the "gag" rule procedure, I shall support the pending legislative proposal inasmuch as the desirable good provisions far outweigh the bill's bad features.



MR. CHAIRMAN, this tax bill is not altogether pleasing to me for it goes too far in some instances while in other cases the relief is inadequate. However, under the circumstances and despite the proposal's lackings, I feel the committee's bill should be approved. I intend to vote for H.R. 5920 on final passage but it is also my intention to support the motion to reconsider providing, of course, such a motion contains the provisions heretofore released to the members of the minority.

This legislation undoubtedly will not be entirely satisfactory to many citizens in Kent and Ottawa Counties. By the time this bill becomes law, if it does, the tax relief may be "too little and too late" to save many enterprising small businessmen who have been combatting price resistance in the retail business for many months. It is regrettable that the Administration leadership has stalled off until this late hour exercise tax relief when it was perfectly obvious that various manufacturing concerns and their workers were suffering because our citizens throughout the nation could not afford to pay the cost plus the prohibitive Federal excise taxes on the affected merchandise and services wanted and needed. The wartime imposed excise taxes should have been reduced or repealed early in 1949 during the first session of the 81st Congress. The Republican members of the House Committee on Ways and Means on at least two occasions attempted to force such legislative action but on each occasion were rebuffed on a straight party vote with the Democratic Party members on record against immediate excise tax relief. As a consequence of the majority party action or lack of action irreparable



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One of the tragedies of this tax revision bill is the failure of the committee to include a provision similar to a bill introduced by me in January, 1950, namely H.R. 6015. Under our existing federal tax laws home owners are severely penalized if and when a residence is sold. In other words, today if a home owner sells at a price above his cost he must pay a tax on the gain, but if the same home owner sells his residence for a loss, he gets no credit for this loss on his income tax return. There is no justification whatsoever for the continuation of this unfair and inequitable treatment of such transactions.

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"We could sell our home for around \$9000.00, and it will cost us all of that to buy another. But the government says the difference between what was paid and what it sells for today is 'profit', and takes a huge slice as a "capital gain".

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H.R.6015 or a similar provision will some day be a part of our federal tax legislation. Its merit is such that it cannot be ignored for long. H.R.6015 provides that if a taxpayer uses funds derived from the sale of his home for the purchase of another residence, no gain shall be recognized for tax purposes providing all money derived from the sale



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MR. SPEAKER, the construction of homes and apartments is being seriously curtailed and hampered by the lack of action by the conferees who are attempting to resolve differences between the House and Senate versions of the housing legislation. We who live in the north have a short enough construction season without having additional impediments placed in the path of progress. The home construction industry in Western Michigan and elsewhere can and will build a tremendous number of low cost homes this spring, summer and fall but the builders need immediate action on the F.H.A. extension legislation in order to construct the still badly needed homes for veterans and others.

Title I of F.H.A. is particularly important to us in Michigan. We have thousands who need to convert from coal to gas and oil heating units. Title II loans must be expanded now, not hindered. 608 apartment loans are still vital.

I am reliably informed that the home building industry is at a standstill. Homes can't be started and as a result carpenters, plumbers, bricklayers and all others who build homes are forced into idleness. The lack



of new home starts is regrettable but the unnecessary unemployment is worse. We need more homes, especially low cost homes, and we also need the jobs. I strongly urge that the leadership speed up the House and Senate conferees so that roadblock can be broken. The necessary action on F.H.A. is long overdue. The Administration is solely to blame for the serious situation existing today. Some relief can come if we act promptly. The House and Senate cannot and should not recess over Easter or at any other time until the important legislation is finally enacted.

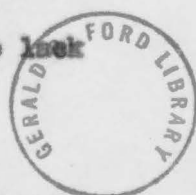
I notice that the distinguished Chairman of the House Committee on Banking and Currency, one of the conferees, is on the floor. Could he tell the House when the conferees will probably bring back a conference report?



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Speeches in House

(1) BANK A -

1949 January and February	-	273	} practically all for conversions
1950 January and February	-	586	

As of now 104 applications pending. All will lapse.

Receiving numerous phone calls today.

(2) BANK B -

1950 January	-	220
1950 February	-	<u>267</u> 487

As of now 260 applications pending.

(3) BANK C -

1950 January	-	102
1950 February	-	<u>185</u> 287

40% of Title I applications are for gas conversions.

32 out of 40 applications are for winterizing.

