would benefit only wealth taxpayers and businesses, that would result in substantial costs beyond the five-year budget window.

Rep. Anthony Beilenson (D-Calif), a member of both the House Rules and Budget Committees, noted the $500-per-child tax credit in the Republican alternative would cost $103 billion over five years, and other tax provisions would add nearly another $40 billion to those costs.

Rep. Timothy Penny (D-Minn) urged Rules to allow votes on both the Solomon amendment, which would balance the budget by fiscal 1999 without raising taxes, cutting Social Security benefits, or cutting earned veterans benefits, as well as on an amendment he co-sponsored with Rep. Dan Schaefer (R-Colo) to make some $550 billion in spending cuts over five years.

Balanced Budget Alternatives

Meanwhile, House Budget Committee members Robert Wise (D-WVa), David Price (D-NC), and Earl Pomeroy (D-ND) are developing an alternative to House Budget Committee member Charles Stenholm's balanced budget amendment proposal (HJRes 103), which the House is expected to take up the week of March 14, an congressional aides told BNA March 9.

In its current form, the Wise plan would exclude Social Security and capital spending from the annual balanced budget requirement, and would eliminate the three-fifths vote requirements for deficit spending and for increases in the debt limit, an aide said, stressing that the plan still is open to changes.

Separately, a group of congressional "porkbusters," led by Rep. Harris Fawell (D-Ill), told reporters March 9 that they intend to offer a rescission bill to remove funding for four programs approved as part of the recently enacted emergency supplemental appropriations.

That supplemental appropriation was designed to provide assistance to the victims of the Los Angeles earthquake, but according to Fawell, four programs included in this act have nothing to do with that emergency.

Specifically, the proposed rescission would take back the funding for the following programs: $300 million for additional Federal Bureau of Investigation personnel located in West Virginia; $1.5 million to place the Savannah in drydock in South Carolina; $10 million to convert a New York city post office into a community center; and $1.3 million directed at a sugar cane mill community in Hawaii.□

Health Care

BUDGET COMMITTEE MEMBER ALLARD WARNS AGAINST HIGH TAXES IN CLINTON PLAN

House Budget Committee member Wayne Allard (R-Colo) warned colleagues in a March 8 letter against the "massive level of new taxes" he said is contained in the Clinton health plan (HR 3600).

Attached to the letter, Allard provided an analysis completed by the Alexis de Tocqueville Institution, Arlington, Va., that concluded the plan would increase federal revenues by more than 27 percent by 2004 from the combination of mandated payments to alliances, tobacco tax increase, additional revenues from higher wages, and exclusion of health benefits from cafeteria plans.

According to this analysis, which used Congressional Budget Office estimates, "a tax increase of this magnitude during peacetime is unprecedented in American history."

Bruce Bartlett, senior fellow of the Alexis de Tocqueville Institution and author of the analysis, stated in the report that "although it is difficult to isolate the effects of the increased taxes from the overall effect of the Clinton health plan, the CBO admits that the overall effect would be to reduce employment and real output in the economy."

According to the CBO report presented to Congress Feb. 8, "eventually between one quarter of one percent and 1 percent of the labor force might prefer to stay home if the proposal were enacted. Correspondingly, gross domestic product also would be reduced, though by somewhat smaller percentages. These changes are not large, falling well within the uncertainty of projections of the labor force and GDP over the next decade" (26 DTR G-5, L-1, 2/9/94).

Bartlett said that estimates of GDP, employment, and inflation change resulting from the enactment of the Clinton plan "must be treated as tentative," but added that "prudence, therefore, suggests that we at least try to find out more of these possible effects before moving forward."

Similarly, Allard, in his letter, said "as we begin taking votes on health care reform, each of us should reflect on whether we really want to increase the size and power of government so drastically."

The House Ways and Means Subcommittee on Health, meanwhile, continued its markup of a health reform proposal that is markedly different from the Clinton plan (see related report in this Section).□

International Taxes

IRS SEEKS COMMENTS ON PENALTY RULES, NOT MISCONSTRUED REMARKS, OFFICIAL SAYS

The Internal Revenue Service is looking to receive more comments on the temporary and proposed regulations (IL-21-91, TD 8519) regarding the penalty rules under Section 6662(e) of the Internal Revenue Code — but not comments that erroneously take pieces of the language out of context and misconstrue them, an IRS official told a March 9 tax law conference.

The Service has issued temporary and proposed penalty regulations, as enacted in the Omnibus Budget Reconciliation Act of 1993, but IRS has not received as many comments on the regulations as they expected, said IRS Associate Chief Counsel (International) Robert E. Culbertson.

However, some of the "initial, off-the-cuff comments" that the Service has received show some taxpayers are focusing on two or three pieces of the regulations, pulling the pieces out of context, and then attacking the regulations based upon those pieces, he

2073011697

2073011697