

Nov. 4 / Administration of George Bush, 1992

But you have given us a marvelous lift. And let me just say about the guy standing next to me, we are so grateful to Dan Quayle for everything he did. The guy almost killed himself out there, hard work day in and day out, and what he wasn't doing Marilyn was. And so was Barbara Bush. So, I think we owe all of them a great vote.

But I can think of nothing other to say than say let's finish this job with style. Let's get the job done, cooperate fully with the new administration. The Government goes on, as well it should, and we will support the new President and give him every

chance to lead this country into greater heights.

So, I am very grateful to all of you. It's been a wonderful 4 years, and nobody can take that away from any of us. It's been good and strong, and I think we've really contributed something to the country. And maybe history will record it that way.

Thank you all very, very much.

Note: The President spoke at 3:03 p.m. on the South Lawn at the White House upon his return from Houston, TX.

Memorandum of Disapproval for the Revenue Act of 1992

November 4, 1992

I am withholding my approval of H.R. 11, the "Revenue Act of 1992," because it includes numerous tax increases, violates fiscal discipline, and would destroy jobs and undermine small business. The urban aid provisions that were once the centerpiece of the bill have been submerged by billions of dollars in giveaways to special interests.

My Administration's agenda for tax legislation has been clear from the outset: a focused measure to encourage economic growth, address the needs of economically deprived urban and rural areas, and make a limited number of significant and broadly supported changes in the tax law. While certain provisions in H.R. 11 meet these objectives, the bill as a whole does not. Its 647 pages contain more than 600 provisions, require more than 25 new studies or reports, set up 4 new commissions and advisory groups, and mandate numerous new demonstration and pilot projects. Most of these provisions are unrelated to the true needs of the economy and the American people.

The original focus of the bill—to help revitalize America's inner cities—has been lost in a blizzard of special interest pleadings. In fact, the enterprise zones provisions in H.R. 11 account for less than 10 percent of the revenue cost of the measure. While the enterprise zones provisions are a step

in the right direction, more than 75 percent of all seriously distressed communities are left out in the cold. In addition, the capital incentives are far too limited. My proposal would grant eligibility to all areas that meet objective criteria. My proposal also would provide a complete exclusion from capital gains taxation for all investors in enterprise zone businesses, including gains from goodwill, the principal asset created by small business.

The bill's other major urban aid provision, which authorizes assistance to distressed communities, is also inadequate. My "Weed and Seed" proposal, currently being implemented on a pilot basis, coordinates Federal assistance to drug- and crime-ridden neighborhoods and targets much of the assistance to enterprise zone communities. H.R. 11 falls short of my plan. The bill adopts a business-as-usual approach to dispensing Federal assistance. It ignores the Administration's bottom-up method of combining strong law enforcement with resources to assist residents and neighborhoods in attaining economic self-sufficiency. Finally, communities currently benefitting from the pilot program could be denied continued funding because they may not be located in enterprise zones. It is regrettable that the Congress has not included a "Weed and Seed" program in a bill that I can sign.

The revenue provisions of H.R. 11 include some of my proposals, but omit three major components of my economic growth agenda. These are my proposals to provide a credit for first-time homebuyers; capital gains tax relief for start-up businesses; and incentives for investment in capital equipment. On balance, the revenue provisions of H.R. 11 are unacceptable. They would:

- Raise \$33 billion in new taxes over 5 years on a wide array of American families, workers, and small businesses.
- Increase taxes on individuals, including middle-class taxpayers, in numerous ways. For example, the bill limits deductions for moving expenses and for losses resulting from theft, fires, and natural disasters.
- Repeal the 100 percent estimated tax safe harbor for small businesses. This would throw a monkey wrench into the primary engine of job creation.
- Raise numerous taxes on large employers, which will slow the recovery and undermine our competitive position in world markets.
- Lose about \$2.5 billion in revenue as a result of more than 50 special relief provisions for limited numbers of taxpayers that have no policy justification.
- Impose needless and costly paperwork and recordkeeping burdens on the private sector.

H.R. 11 goes 180 degrees in the wrong direction in its treatment of expiring provisions of tax law. It would make permanent those expiring measures that are very costly and have negligible long-term benefits according to a broad range of government and private sector analysts. In contrast, the bill fails to make permanent the research and development tax credit and the deduction for 25 percent of health insurance premiums paid by self-employed individuals. It also fails to raise the health insurance deduction to 100 percent, as I have proposed.

The bill's Medicare provisions move in the opposite direction from the consensus

view that we need to contain rising health care costs. They would increase Medicare costs by an estimated \$3 billion over 5 years. For example, they invite a flood of costly lawsuits to challenge Medicare payments made as long as 6 years ago. These provisions would burden the courts and undermine consistent nationwide application of Medicare rules.

Another costly provision of H.R. 11 would permanently divert income taxes from the general fund of the Treasury to the Railroad Pension Fund. According to the Railroad Retirement Board, by the year 2016 this taxpayer subsidy could add \$13 billion to this single industry pension fund. The diversion would set a dangerous precedent for other industry pension plans that may seek Federal taxpayer support in the future.

H.R. 11 abandons all pretense of fiscal discipline. It would increase the deficit in fiscal years 1994, 1995, and 1996. "Mandatory" spending would rise by more than \$7 billion over 5 years—at a time of growing consensus that this portion of the budget must be brought under control.

The bill also arbitrarily increases statutory spending limits to allow roughly \$600 million in increased payments to Medicare contractors for administrative costs. To benefit these companies, the Senate voted by the narrowest possible margin to waive its own rule requiring compliance with legal spending limits. These limits on discretionary spending were agreed to by bipartisan majorities of both Houses of Congress. It is irresponsible to waive them to benefit one group of companies.

I regret that my disapproval of H.R. 11 will prevent the enactment this year of many provisions that have my full support. However, the bill's benefits are overwhelmed by provisions that would endanger economic growth. I am therefore compelled to withhold my approval.

GEORGE BUSH

The White House,
November 4, 1992.