

[REDACTED]  
Bloomington, IN 47408

May 17, 1993

Mr. Brian Lamb  
C-SPAN  
400 N. Capitol Street, #650  
Washington, D.C. 20001

Dear Mr. Lamb,

I have noticed that whenever questions about Social Security are raised during your call-in programs, neither you nor your guests can answer them. Therefore, as a public service, I would like to offer the following information regarding the Clinton administration's proposed tax hikes for SS beneficiaries.

Until 1983, SS benefits were exempt from federal taxation, based on the rationale that the SS trust fund consists of moneys withheld from future recipients' paychecks and thus constitute a tax already paid. By 1983, the SS trust fund was in financial trouble, and Congress adopted legislation to strengthen it. Since 1983, SS beneficiaries whose modified adjusted gross income (**MAGI**) exceeds \$25,000 for single filers or \$32,000 for joint filers pay taxes on 50% of their SS benefits (or 50% of the amount exceeding the threshold, whichever is less). These changes have produced a surplus in the SS trust fund from which the treasury borrows regularly in order to make the national deficit look smaller than it really is.

Under the proposed changes the taxing percentages described above would increase from 50% to 85%.

Please note the term "modified adjusted gross income" (**MAGI**) as opposed to "adjusted gross income" (AGI). The difference is that **MAGI** includes normally tax-free income such as interest from municipal bonds or bond funds. This provision makes SS recipients the only group of tax payers whose "tax-free" income is taxable.

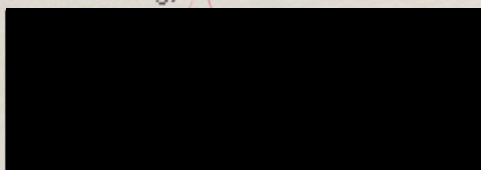
It's been very hard for me to acquire this information because the media do a poor job of presenting this and most other issues in sufficient detail to be of any use.

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One element of the tax changes adopted last week by the Ways and Means Committee is the imposition of an energy tax. To make it less burdensome for people with low incomes, part of the tax would be refunded to those whose incomes fall below a certain threshold. But I have heard the Vice President use the term "earned income" in connection with this refund. A large number of SS recipients live in poverty and could qualify for the refund on the basis of their low incomes. But, since they are no longer wage earners, their incomes do not fall into the "earned income" category. It would be interesting to find out just what the Administration and Congress have in mind. But I can't find the information in the press and certainly not on TV.

I would like to suggest that you devote a call-in hour to the proposed tax changes and invite as your guests a group of people who can answer the questions your reporter guests usually shove under the rug.

Sincerely,

A large black rectangular redaction box covering the signature of the sender.