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STAY AT HOME MOM! AND CHRISTIAN COALITION

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8TH STORY of Level 1 printed in FULL format.

The State Journal-Register (Springfield, IL)

January 11, 1998, Friday, EARLY AND CITY EDITIONS

SECTION: NEWS, Pg. 8

LENGTH: 1072 words

HEADLINE: Republican proposals aimed at ending 'marriage penalty' Federal tax code forces millions into costlier bracket

BYLINE: DORI MEINERT COPLEY NEWS SERVICE

DATELINE: WASHINGTON

BODY:

More than 21 million American couples pay more in federal income taxes just because they are married -- thanks to the peculiarities of the federal tax code.

No wonder, then, that Republican proposals to eliminate this "marriage penalty" have attracted such a broad range of support, from pro-family social conservatives to working women and anti-tax activists.

"It is not only unfair, but also immoral that the American tax code punishes marriage," said Rep. Jerry Weller, R-Ill., a member of the tax-writing House Ways and Means Committee who is a leading proponent for a change.

Repeal of the marriage penalty is certain to dominate the congressional debate this spring over whether to use an anticipated budget surplus to make additional tax cuts.

But the answer to this marital inequity may not be as simple as it might first appear.

"Nobody wants to penalize marriage," said William Gale, a senior fellow at the Brookings Institution, a Washington think tank.

Marriage penalties and bonuses result from a complex tax code that has three conflicting goals: to treat all married couples equally, to be fair to both married and unmarried taxpayers, and to tax those with higher incomes at higher rates.

"It's impossible to do all three," Gale said.

Eliminating the marriage penalty would mean lower taxes for some couples, but it would reduce federal tax revenues by up to $ 30 billion a year, according to the Congressional Budget Office (CBO).

Weller and others look to a projected budget surplus to make up the lost revenue. But they're not the only ones with their eyes on that anticipated largess. Other Republicans want some of that money, for example, for transportation projects.

Also, President Clinton recently cautioned against further tax cuts, urging Congress first to pay down the massive federal debt on which all taxpayers help pay the hefty interest costs. He also has proposed $ 21.7 billion in subsidies and tax credits for child care over five years.

About 42 percent of couples suffered a "marriage penalty" in 1996, paying an average of $ 1,400 more a year in taxes because they file joint tax returns, according to a June 1997 CBO study. Combined, their incomes pushed them into a higher tax bracket than if they were filing as two singles.

However, another 51 percent of couples received "bonuses," paying an average of $ 1,300 per family less than if they filed as individuals.

The couples receiving bonuses tend to be less affluent (earning less than $ 50,000 a year) or those in which one spouse earns much more than the other. Most likely to be hit with a marriage penalty are the husband and wife who make about the same amount.

The disparity never was intended.

It can be traced back to tax code changes made in 1969 aimed at addressing the complaints of singles who thought they were being unfairly taxed more than married people.

Since then, more wives have entered the work force and their salaries have grown in relation to their husbands. The share of dual-income families has grown from 48 percent to 71 percent of all married couples since 1969, according to the CBO report.

The federal tax code is so complex that any tinkering can have unintended consequences. Ironically, last year's tax relief legislation increased the marriage penalty for some couples by providing more generous tax breaks for single persons.

For example, if two unmarried individuals each earned $ 70,000, they could receive a $ 500 tax credit for each of their children. If they married, their combined incomes would be more than the $ 110,000 income limit for the tax credit and they would get nothing, according to tax expert Doug Thorburn of Grenada Hills, Calif.

In an attempt to reduce the marriage penalties for some, Weller proposes to allow couples to choose whether to file "single" or "married," whichever filing status would benefit them. Federal law now allows married couples to file separate returns, but they then lose valuable tax breaks and few choose to do so.

The biggest obstacle to Weller's bill is the potential cost: $ 18 billion less coming into the U.S. Treasury each year.

Introduced last fall, his bill gained the immediate support of such groups as the Christian Coalition and the National Taxpayers Union.

Proving that there is no easy solution, both groups now say they prefer a Senate version, which also would provide tax relief to families with stay-at-home moms as well as dual-income couples.

But the Senate proposal is even more expensive than Weller's, with a potentially whopping $ 30 billion in lost tax revenue a year. Introduced by Sens. Lauch Faircloth, R-N.C., Kay Bailey Hutchison, R-Texas, and Connie Mack, R-Fla., the bill would allow one-income families to split the income between them for tax purposes and file as singles.

At just $ 9 billion a year, the cheapest proposal -- and perhaps the most viable -- has been offered by Rep. Wally Herger, R-Calif. He would restore a deduction lost in 1986. It would allow dual-income couples to exempt from taxation up to 10 percent of the lower-earning spouse's income, up to a maximum of $ 3,000.

Most of the tax relief offered by Herger's bill would go to couples with combined incomes of between $ 50,000 and $ 100,000, who would see their marriage penalties cut in half.

Herger actually prefers Weller's proposal, but he's offered his more limited plan in case Weller's bill proves unsuccessful.

"If there is only so much money for tax cuts, we want to put that money where it will be most effective," Herger aide Steve Thompson said.

Tax experts warn that such proposals will only make an already complex tax code more complicated.

All the current proposals "are trying to fix something that can be fixed in any easier way," said Diana Furchgott-Roth, a resident fellow at the American Enterprise Institute, a think tank that's conservative on economic issues.

"What they really need to do is lower the tax rates and make them flatter," she said.

Republicans called for repeal of the marriage penalty in their 1994 legislative agenda, "Contract With America."

Last October, House Speaker Newt Gingrich, R-Ga., endorsed Weller's bill, which now has the support of a majority of House members.

However, House Ways and Means Committee Chairman Bill Archer, R-Texas, and Senate Finance Committee Chairman William Roth, R-Del., remain

TYPE: NEWS

LOAD-DATE: January 13, 1998

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11TH STORY of Level 1 printed in FULL format.

The Washington Times

April 27, 1998, Monday, Final Edition

SECTION: Part A; COMMENTARY; EDITORIALS; LETTERS; Pg. A18

LENGTH: 153 words

HEADLINE: Do our social engineers know what's best for the children?

BODY:

Hillary Rodham Clinton's April 23 column, "Affordable child care good for bottom line," ignores the value of single-income families with a stay-at-home mom or dad. Consider the advantages if the government substituted a stay-at-home-parent tax credit for the child care tax credit Mrs. Clinton proposes.

By encouraging more parents to stay at home, fewer children would need day care. Thus the government would spend fewer dollars on child care subsidies, training for day care workers, after-school programs and tax cuts for businesses providing child care. The children also would arguably be better off at home with a parent than in day care.

If Mrs. Clinton and the current administration want to engage in social engineering, wouldn't it be better for everyone's bottom line if their efforts were directed toward what we all know is really best for the children?

LAURA SOZIO

Oakton, Va.

LANGUAGE: ENGLISH

LOAD-DATE: April 27, 1998

19TH STORY of Level 1 printed in FULL format.

The National Journal

April 4, 1998

SECTION: SOCIAL POLICY; Pg. 751; Vol. 30, No. 14

LENGTH: 3400 words

HEADLINE: Home Economics

BYLINE: Rochelle L. Stanfield

HIGHLIGHT:

Politics and ideology dominate the child care debate. But the decision to be a stay-at-home parent often comes down to dollars and cents.

BODY:

With one hand, Katie Stone checks the feverish brow of her 17-month-old son, William. With the other, she offers a treat to Erik, who is almost 3 years old and slightly jealous of his sick brother. The critical moment passes without tears, and a hint of personal triumph crosses Stone's face. ''If there were not any economic considerations, my husband and I would both like me to stay at home, at least until they go to school,'' she says, gazing fondly at her progeny. ''But, unfortunately, I may have to go back to work.''

''Katie Stone'' is not her real name. Nor are ''Erik'' and ''William'' the names of her sons. She and others who shared personal financial information about their families asked that they not be identified. But the families are real, and so are their financial situations. So is the crucial role that economics plays when married couples with young children decide who works, and when.

As a stay-at-home mother, Stone is distinctly in the minority. Only 36 per cent of married women with children under age 6 stayed out of the labor force last year, the Bureau of Labor Statistics (BLS) reported. Forty-one per cent worked full-time, 20 per cent part-time, and 3 per cent were unemployed but actively seeking a job. The proportion of employed mothers of young children has grown steadily since 1960, when it amounted to less than 19 per cent.

But the questions of whether that's a good thing--and whether the trend should be reversed--still prompt passionate debate. Politicians and advocates, to say nothing of parents themselves, go round and round on such agonizing questions as whether leaving a child with paid caregivers hampers the child's development and whether mothers who do want to work have acceptable options for their offspring's care.

President Clinton triggered the latest round of political crossfire on Feb. 2 when he released his fiscal 1999 budget, which proposed $ 20 billion over five years in new federal support for day care. The allocation would be divided between tax relief for middle-income families and a block grant to states for child care programs aimed at poor and working-class families. The Republican-dominated Senate Budget Committee dropped the child care provisions from its version of the 1999 budget resolution, which it approved on March 18 by a 12-10 party-line vote. But the committee did endorse a resolution favoring tax relief for families paying for out-of-home child care. The Democrats failed to reinsert elements of the President's proposal when the full Senate considered the revised budget. The House is expected to write its own budget plan later this month.

Meanwhile, House Republicans responded to Clinton's initiative with a resolution--introduced by Rep. William F. Goodling, R-Pa., and passed 409-0 by the House on Feb. 11--that any child care legislation must ''take into account'' the needs of stay-at-home parents.

Opponents of federal support for child care say they are motivated by the conviction that the government mustn't interfere with family decision making. ''Our concern (with the Clinton plan) is, you're going to get the government involved in setting up a child care system where the incentives are all toward the mother working in the wage market for income,'' said Charmaine Yoest, an adjunct fellow with the conservative Family Research Council.

Child care supporters counter this view by arguing that the majority of parents have already made their decisions about whether to work outside the home and are looking to their government for improvements in quality, affordability and availability of child care. ''It's time we give parents a greater choice and peace of mind, as they juggle the responsibilities of work and home,'' Sen. Christopher J. Dodd, D-Conn., told a Senate hearing on child care on March 5.

Putting aside the emotional, political and ideological pros and cons of being a working mom, an essential question arises: Is it economically feasible in a two-parent family today for one parent to devote full time to the care of their young children? It turns out that even this practical dollars-and-cents issue is controversial.

Jared Bernstein, a labor economist with the liberal Economic Policy Institute (EPI) in Washington, said the notion that one parent can afford to stay home, ''I feel pretty strongly, is a pipe dream. It's nostalgia for a period when maybe life was simpler,'' he says. In The State of Working America, 1996-97, a book he co-authored for EPI with Lawrence Mishel and John Schmitt, Bernstein has set out figures that support his view.

Others look at the statistics and arrive at the opposite conclusion. ''It's nonsense to say that it now takes two incomes to produce the standard of living that one(-income families) used to have in the 1950s,'' said Robert Rector, senior policy analyst for family issues at the conservative Washington-based Heritage Foundation. The standard of living for middle-class families was much lower in the 1950s than it is today, he argues, and further, ''What you really have are two different sets of values.'' Millions of families do live on one income now, he said, but make an enormous sacrifice to do so.

In the 1950s, living standards were much lower than they are today, but they were going up so fast that it seemed a time of great bounty, Robert J. Samuelson explained in his 1995 book, The Good Life and Its Discontents: The American Dream in the Age of Entitlement, 1945-1995. ''If you grew up in the 1950s,'' he wrote, ''you were a daily witness to the marvels of affluence. There was a seemingly endless array of new gadgets and machines.''

In 1950, for example, median family income was only $19,655 in 1996 dollars, less than half of the 1996 median family income of $ 42,300. Air-conditioning was very rare except in public buildings at the start of the decade. Even by 1970, according to Census Bureau statistics, only 34 per cent of new single-family homes came equipped with central air-conditioning. By 1995, 80 per cent did. In 1950, 35 per cent of all housing units lacked complete plumbing facilities; by 1993, less than 2 per cent did. In 1995, 48 per cent of new homes had at least two and a half bathrooms.

The policy debate over whether a family can afford for one parent to stay home gets tangled in indirectly related fights over tax cuts (a conservative goal) and a minimum-wage raise (a liberal objective), in which each side can cite government statistics to make its point. The numbers may be ambiguous, but the real-life decisions they reflect are not. ''It comes down to need,'' Stone said, speaking in her home, a modest rambler in a small town about 40 miles outside Washington, D.C. To illustrate her point, she recalled a conversation with a friend she described as ''an older gentleman'' who had raised a large family with a stay-at-home wife. ''I said, 'I'd like to stay at home, if we can afford it,' and he said, 'If you can stop listening to what society tells you you need, you can afford it.' We try to turn off what society tells us we need,'' she went on. ''But the needs still creep in.''

Balancing Contributions

Whether a family can afford to do without one parent's earnings would logically seem to depend on how much those earnings are and what proportion of family income they constitute. The BLS figured that working married mothers with children under age 6 contributed, on average, 32.6 per cent of family earnings in 1996; mothers in this category who worked full-time, year-round, provided 43.6 per cent of the pot. And to expect to do without that contribution ''is unrealistic,'' said Howard Hayghe, supervisory economist of the BLS division that makes these calculations.

But that's just what the Stones are trying to do. Doug Stone, 44, is a self-employed general contractor who counts on bringing in about $ 40,000 a year. Katie, 36, was a high school German teacher and made $ 30,000 when she worked full-time, before Erik's birth in April 1995. That computes to 43 per cent of the family income, right about the median. Between the births of Erik and William, she worked half-time for $ 15,000--half her former salary, and 27 per cent of the family's income.

The Stones' income is just about the median for a two-parent family with children under 6 years old, according to the Census Bureau. In such families, with the husband working full-time, year-round, income averaged about $ 52,000 in 1996. Counting only the families in which the wife also worked full-time, median family income rose to $ 62,500; counting only those in which the wife didn't work at all, it fell to $ 37,400.

Soon after Katie Stone left her part-time teaching job, the Stones realized how much they had depended on her income to pay for routine expenses. She has not reentered the formal labor force--yet--but she is supplementing the family income. ''Last summer, I made and sold pies at local county fairs to help our income a little bit and take some of the pressure off my husband,'' she said. Now she is tutoring high school students in German, holding an informal German class in her home for younger children and chauffeuring neighborhood youngsters. She figures she can bring in as much as $ 900 in a good month.

Presumably, a family with above-average income would find it easier for the wife to stay home. Easier, but not hassle-free. Take the case of the ''Singers'' of New York, whose income makes the cut for the top 5 per cent nationally. When Susan, now 30, quit her $ 80,000-a-year job as a lawyer upon the birth of the couple's son, Benjamin, 13 months ago, she was earning half the family income. Since then, her 32-year-old husband, Greg, a marketing executive with a publishing company, has received a promotion that could bring his earnings to $ 120,000 this year. Even so, they feel the pinch of living on one income, and have had to make lifestyle changes to accommodate the reduction. ''We definitely did notice (the drop in income),'' Susan Singer said recently. ''First of all, we had to move out of Manhattan, because we couldn't afford to live in the city anymore. And even (in a suburb) we had to buy a co-op apartment, because we couldn't afford a house.''

As advocates on all sides of the issue have discovered, the requirements for middle-class existence are at once more personal and more society-driven than a simple dollars-and-cents equation. ''Our standard-of-living levels are set in a world where a very large share of women are working,'' said economist Marvin H. Kosters, a resident scholar at the American Enterprise Institute in Washington. ''It's a lot harder to keep up with the Joneses when Mrs. Jones is working, too.''

Can You Afford to Work?

A stay-at-home mom gives up her salary, but she also has fewer expenses. A job outside the home can require extra money for food, transportation and clothing--not to mention child care. Indeed, such costs are high enough to prompt articles in parents' magazines with titles such as, ''Can You Afford to Work?'' Yet most studies find that while job-related expenses narrow the gap between one income and two, they rarely close it altogether.

For Susan Singer, who worked in Manhattan, lunch was an expense that added up. She recalled that she spent $ 7-$ 10 every working day, $ 1,750-$ 2,500 a year.

In 1995, as part of a project to design a new formula for calculating the poverty line, the National Research Council (NRC) estimated job-related expenses. The council skipped lunch but included the costs for transportation, uniforms, equipment and union dues and arrived at an average of $ 29 a week in 1992 dollars. In 1997 dollars, that would amount to $ 32.50 a week, or $1,630 a year.

Teachers and attorneys might not wear the kinds of uniforms the NRC had in mind, but working usually does require career clothes, especially for Singer. That's one saving, she said. ''I'm obviously not spending a lot of money on clothing now. In addition, I'm able to save a lot of money on dry cleaning.''

That's less of an issue for Stone. ''As a teacher, I don't have to be a clotheshorse,'' she said. ''And I do have all those teaching clothes in the attic I could still wear.'' So, of the NRC's job-related expenses, only transportation would apply to Stone if she returned to the job market soon. (She would bring a pack lunch.) But her 25-mile round trip to school would add up to $ 37.50 a week, assuming 30 cents a mile in transportation costs. As a teacher, Stone would work only 38 weeks a year, but the commute still would cost her up around $ 1,425 annually.

Unless there's a stay-at-home grandmother nearby, or the husband-wife schedules can be juggled to cover the house 24 hours a day, the biggest-ticket item for two-income families with young children is child care. A 1995 Census Bureau study, ''What Does It Cost to Mind Our Preschoolers?'' estimated that such families spent, on average, $ 79 a week on child care in 1993. In 1997 dollars, that would amount to $ 86.50 a week, or $ 4,325 a year.

In Stone's area, child care comes much dearer. A nearby family day care center--run by a woman who cares for several children in her home--charges $ 200 a week for two children; the most expensive commercial child care center locally costs $ 281 a week. For 38 weeks a year, that would add up to between $ 7,600 and $ 10,678 annually. Even if Stone remains at home, she plans to send Erik to preschool two days a week, to help him learn to play with other children. That will cost $ 45-$ 100 per month, or $ 450- $1,000 a year.

Together, child care and transportation would consume almost one-third of Stone's earnings from teaching school. But the remaining two-thirds would make life a lot easier, she acknowledged. In addition, not working costs her $ 500 a month in health insurance. Doug Stone's company is too small to pay for family coverage, so Katie Stone continues to participate in her school system's plan but has to pay for it out of pocket. ''One reason I'm doing these supplemental things is to make our insurance money,'' she said.

Otherwise, to make up the difference between what they earn now and what they would earn if Katie went back to work, the Stones give things up.

Katie has stopped buying herself any ''nonessential clothes,'' she said, ''and the kids' clothing is mainly second-hand. I shop yard sales religiously.'' For groceries, she clips coupons and visits four grocery stores a week ''to make sure I buy this and that on sale--I never did that before.'' They now make or bake presents for family and friends. They used to travel to Europe; now all their vacations are to visit relatives they can reach by car.

They've also had to make some sacrifices with serious consequences for their future. ''We have a little nest egg, but we've gone into that more than we should have,'' Stone said. ''And college--we always thought we'd be saving for that,'' but there's never any extra to put aside at the end of the month.

Ironically, the Singers, despite their much-larger income, have ended up doing much the same thing. First to go is savings. Singer lamented, ''We're not putting money aside for (Benjamin's) college. And we have credit card balances that we never had before.''

Both Singer and Stone also ponder an intangible cost of their recess from the labor market--the impact on their future earnings. Since law firms have very set rules about career paths, Singer says that when she goes back to work, especially if she goes part-time, ''I may have to do something else. Something other than being a (corporate) lawyer.''

And in Stone's case, the school system where she taught reserves a new mother's job for only a year. After that, she said, ''the question becomes: What am I going to go back to?''

Experts agree. ''Leaving the labor market for a couple of years to stay home with young children doesn't just reduce your income in the years you're staying at home,'' said Maria Cancian, assistant professor of public affairs and social work at the

University of Wisconsin (Madison). ''It takes you off that (career) path.''

The economic realities of a one-income household have also intruded into the most intimate decision both couples face. ''The timing of having a second child is going to be more dependent on when we can afford to buy a house than on when we would like to have a second child,'' Singer said. ''I'd like to have a third child, and I have always said that finances shouldn't make that decision for us,'' Stone said. ''But another thing I just realized is--that's very dependent on our income.''

Neither the Stones nor the Singers factored taxes into their calculations for living on one income, but taxes can make a big difference. The absence of the wife's earnings can drop the family into a lower income-tax bracket. A recent article in ParentTime, an online parenting magazine, cited calculations that a family whose income declines from $ 70,000 to $ 45,000, for example, would save $ 7,500 in income taxes and nearly $ 2,000 in Social Security taxes.

The Heritage Foundation's Rector would like to cut everybody's taxes, but especially those of families with young children. Last year's $ 500-a-child tax credit is an important start, he said, lowering the average family's income tax burden from 24.5 per cent to 23.5 per cent.

''Over the course of 50 years, we have piled up enormous tax burdens on all these families with children, that are a very significant problem in enabling mothers to stay at home,'' he said. ''The Left will say, 'There's nothing you could do to help them stay at home, so we ought to subsidize day care centers.' No. We ought to begin to roll back this very large tax burden.''

Others contend that the problem isn't taxes, but the larger changes in the society over the past 40 years. Mothers of young children, they say, are simply responding to economic reality.

''Lower-income wives work less. That's one of the reasons they're lower-income,'' EPI's Bernstein said. ''But, because of a long-term decline in the wages of middle-earning males, it's actually fallen to working wives to keep family income from stagnating. So, for middle-income families, wives have worked longer hours at higher wages.''

Not all economists agree. Gary Burtless, a senior economist at the Brookings Institution, counters that ''the sharpest increases in employment rates and hours of work have been amongst women in the most-affluent households, who are married to upper-middle-class husbands. That makes it a little tough to say that necessity has pulled women against their will into the workforce. . . . My guess is that the biggest single reason that Mom is at work is that Mom wants to be at work,'' he adds.

Some moms might disagree. Both Susan Singer and Katie Stone want to reenter the workforce at some point, but what they want to do now is stay at home with their children.

Others are struggling to make the same decision, regardless of the outcome of the child care debate in Washington. ''Sarah Pierre,'' 27, is pregnant with her first child. She wants to quit her $ 20,000-a-year job as a clerk in a midsized southern city. The question is whether she and her husband, Brad, and their baby can live on Brad's $ 45,000-a-year salary in the computer field. ''Things have been pretty tight,'' she said recently. ''But we think it's do-able. And we're going to try.''

LANGUAGE: ENGLISH

LOAD-DATE: April 10, 1998

26TH STORY of Level 1 printed in FULL format.

The Des Moines Register

February 21, 1998, Saturday

SECTION: Main News Pg.007

LENGTH: 724 words

HEADLINE: Tax plan for child-care expenses is bunk
Why create a write-off for people who don't incur the expense?

BYLINE: Marie Coccoo

SOURCE: Newsday

BODY:
Marie Cocco

They say they are striking a blow against "discrimination." But really what they've done is toss a nuclear bomb into an emotional conflict.

This is what Congress has settled on so far as the answer to President Clinton's modest new child-care initiative: more help for middle-class parents who don't work outside the home. To be more precise, it's what lawmakers are doing in response to the small portion of Clinton's child-care initiative that would expand the dependent-care tax credit for families earning under $ 60,000.

The argument goes something like this: Government shouldn't give these women (let's face it, we're talking about women) money because to do so discriminates against (more virtuous and, not coincidentally, more Republican- leaning) stay-at-home mothers. To battle this insidious discrimination, the homemakers must get a tax cut, too.

Since it is impossible to argue in the halls of Congress against Mom and homemade (not hurriedly store-bought) apple pie, this argument already has won the day. Recognizing that no child-care bill will survive without a new tax break for stay-at-home parents, the idea already has been embodied in separate bills put forward by Senators John Chafee and Christopher Dodd.

Chafee's is more generous, establishing a new dependent-care credit for stay-at-home parents that gives them a tax credit as if they had $ 150 a month in out-of-pocket child-care expenses. Chafee would pay for this new break by denying the dependent-care credit to some families that have actual expenses for child care, but who have high incomes.

In essence, this robs Patty to pay Pamela.

As a matter of tax policy, the whole idea is bunk. Whoever heard of creating a write-off for people who don't incur an expense to be written off?

Never has the argument been made that employers who do not provide health insurance for their workers are "discriminated against" because those who do buy insurance get a deduction. Rarely does Congress fret over the way renters are "discriminated against" because homeowners deduct a portion of their housing costs through the mortgage-interest deduction.

And there's been no proposal to keep self-employed lawyers from deducting the full cost of an Oriental rug for the office, as a way of, say, battling tax discrimination against those on the assembly line.

So let's put this whole discrimination business into perspective. Think about two families. One is a married couple with two children, a working Dad and a stay-at-home Mom, and an income of $ 45,000. The other is a divorced mother, also with two kids, who earns $ 45,000.

The divorced mother pays $ 5,000 annually for child care, leaving her with $ 40,000. But she is taxed as if she had the same $ 45,000 income as the couple without child-care expenses. Even if she takes the current dependent- care credit to offset a fraction of her cost, the divorced mother ends up being taxed more. Is that discrimination?

Sure it is. But there will not be a whisper about it from this Congress. Because the child-care fight hasn't anything to do with tax policy or discrimination.

It has to do with using the power of government to reward a particular type of personal behavior -being married, middle class and staying home with the kids -while penalizing others.

Now, government promotes all kinds of things it considers virtuous. The home mortgage-interest deduction is a notable example. In keeping with this idea, it already grants certain rewards to "traditional" families.

One is the marriage bonus -the flip side of the marriage penalty.

A married couple with one earner is effectively taxed at a lower rate than a couple with the same income produced by two adults with similar wages.

Another is the Social Security system, which benefits married women who haven't worked outside the home more than those who have. The list could go on.

If Congress wishes to give these families more as a matter of social policy, it should flatly say so -and explain why other types of families should continue to be penalized.

Instead, lawmakers argue dishonestly about waging a moral battle against discrimination. This insults the intelligence. Not to mention all the mothers who work outside the home, as well as in it.

MARIE COCCO writes for Newsday.

LANGUAGE: English

LOAD-DATE: February 25, 1998

32ND STORY of Level 1 printed in FULL format.

The Washington Post

February 16, 1998, Monday, Final Edition

SECTION: EDITORIAL; Pg. A26

LENGTH: 819 words

HEADLINE: Stay-at-Home Moms

BODY:

CONGRESSIONAL Republicans haven't decided how to respond to the increased child care subsidies that are the largest initiative in the president's budget. Some would just say no to what they regard as a further expansion of government; some, instead of subsidizing child care, would use the money for a generalized tax cut. Others, however, see the cost of child care as a pervasive social problem from which, for political as well as substantive reasons, the party can ill afford to turn away. They are drafting an alternative to the president's plan, one feature of which, it seems pretty clear, will be what they would call neutrality as to the form of care. In addition to helping working parents buy child care, they want to help parents of preschool children who make the choice to remain at home.

A group of Senate Republicans led by John Chafee has drafted one such proposal. The subsidy for stay-at-home moms, as it is called, would be financed in part by imposing an income cap on the current dependent-care tax credit. A phase-out of that credit above certain income levels is overdue and a good idea no matter how the money is used. The stay-at-home benefit has helped Mr. Chafee attract the support of party conservatives who might otherwise have opposed the bill; Sen. Jesse Helms is among the cosponsors. Meanwhile, Sen. Christopher Dodd has drafted a Democratic bill that also includes a small stay-at-home provision, and administration officials have suggested that they too could support such a step if the benefit is financed.

The political appeal of a stay-at-home benefit is obvious. Partly it is symbolic; a vote in favor translates into an expression of support for the traditional family and traditional values -- and offers a way of sending additional money home to a blameless constituency besides. Whatever the research on the subject may suggest, a lot of people, including many who are not traditionalists, also believe that, all else being equal, most very young children especially are better off in a parent's care.

But a stay-at-home benefit presents problems as well, and not even the enthusiasts in Congress have thought it through completely. Part of the predicate is that the government shouldn't choose among lifestyles by favoring paid-for child care over parental care. But tax economists will tell you that the wages a working mother uses to pay the cost of child care, for example, are also subject to tax. A mother who stays home and forfeits the earnings but also escapes the cost ends up with the child care without the tax. Even after the child care credit, for which many families don't qualify, it isn't clear which kind of household comes out ahead. The income tax is meanwhile criticized for favoring one-earner over two-earner families -- that's part of the basis for complaints about the "marriage penalty" -- and the Social Security benefit structure tends to favor one-earner families, those with stay-at-home moms, as well.

Many strong congressional supporters of stay-at-home moms also have a consistency problem. In the last Congress, they were vigorous supporters of a welfare bill the point of which was that welfare moms should go to work. You can argue that welfare is a different matter, which it is -- and no one can be in favor of chronic dependency. But how does the society -- or Congress -- then draw the line between the mothers deserving of help to stay home and those it wants to push into the work force? Surely the rule isn't that lower-income mothers should work while those with somewhat higher incomes are subsidized in order not to.

In fact, the relating of subsidies to need is a problem with all these proposals. Part of the reason is that all rely to some degree on the tax code as a delivery mechanism, and families toward the lower end of the income scale already owe no income tax. They can't be given a cut; the only way to extend them a benefit is to give them a "refundable" credit, meaning the Treasury ends up sending them a check. But Republicans oppose this as a form of welfare, and the president didn't include it in his proposal either (though he did include another device for getting grants to the poor).

The risk is that, in the name of child care, the parties will end up creating, each for its own political purposes, a mushy, mainly middle-class benefit that, if stay-at-home moms are included, will be indistinguishable from a generalized tax cut for families with small children -- an extension of last year's children's credit. Such a bill would be far better politics than policy. The child care problem in this country isn't helping moms stay home. It's helping low- and lower-middle-income moms who mostly have no choice but to work find for their children the decent care that families at higher income levels can already afford. That's the test by hich these bills should be judged.

LANGUAGE: ENGLISH

LOAD-DATE: February 16, 1998

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LEVEL 1... 1369

Home office

~~Home office deduction~~

Home off deduction?

2ND STORY of Level 1 printed in FULL format.

The Associated Press

August 8, 1998, Saturday, BC cycle

SECTION: Washington Dateline

LENGTH: 672 words

BYLINE: By The Associated Press

BODY:

SHMAN REPORT CARD: Mike Pappas, R-Rocky Hill

Highlights:

Sponsored legislation to allow more small businesses to take advantage of an existing tax deduction for home offices. The idea was enacted as a provision in last year's balanced budget agreement.

Tapped by House Speaker Newt Gingrich to serve on Speaker's Task Force for a Drug-Free America. Sponsored "sense of Congress" resolution against drugs.

On the National Security committee, helped secure language that will clear the way for the USS New Jersey to become a battleship museum in New Jersey and funding for Fort Monmouth and Naval Weapons Station Earle.

Named one of 30 assistant Republican whips.

Distinction:

Only member of the New Jersey delegation to vote to kill billions of dollars in district-specific projects in this year's transportation bill, including money for projects in his own district. When that effort failed, he voted for the overall bill that included the projects.

Bills sponsored:

Amend proposed payment system for home health agencies under Medicare program; establish pilot program to preserve open space and farmland in mid-Atlantic states; resolution rejecting Turkey's claims to islets claimed by Turkey and Greece; phase out capital gains tax and increase estate and gift tax exemption.

Back home:

Holds constituent meetings in diners around his district, as well as office hours for one-on-one meetings. Has held district hearings on tax reform, health care, drugs, defense, farmland preservation, women's issues, air noise, truck traffic, seniors issues and veterans' concerns.

Formed a youth council and held poster and essay contest with anti-drug theme.

Went to bat for two Hunterdon County companies that want to compete for a contract to supply paper for U.S. currency.

Committees (subcommittees):

Government Reform and Oversight (Civil Service vice chairman, Human Resources), National Security (Military Procurement, Military Research and Development), Small Business (Tax and Exports).

Other areas of interest:

Member of Congressional Fire Services Institute, Northeast Agricultural Caucus, Hellenic Caucus, Diabetes Caucus, Reserve Components Caucus, Human Rights Caucus and Air Noise Caucus.

Diversions:

Joined with three fellow freshman Republicans to form the Capitol Four quartet. They have performed the National Anthem at congressional baseball and basketball games, broken into song during GOP caucus meetings and performed "The Virgin Mary Had a Baby Boy" at the Capitol Christmas tree lighting. Went solo with "Twinkle twinkle Kenneth Starr," a singing tribute on the House floor to the independent counsel investigating President Clinton.

1997 Voting Stats:

Voted with Republicans 91 percent of the time and with President Clinton 24 percent of the time. Was the most conservative of New Jersey's seven Republican House members on economic, social (tied with Rep. Chris Smith) and foreign issues. One of nine House members to participated in 100 percent of votes.

(Sources: Congressional Quarterly, National Journal)

Major votes:

Abolish federal tax code by end of 2002:

YES

Prohibit federal funds for needle distribution:

YES

Establish national school voucher program:

YES

Allow statistical sampling in 2000 census, to estimate people not located:

NO

Terminate the National Endowment for the Arts:

YES

Overrule renewal of most-favored-nation trade status for China:

YES

Increase prosecution of juveniles as adults:

YES

Require 2/3 congressional majority to raise taxes:

YES

Ban "partial-birth abortion" procedure:

YES

Limit House and Senate members to 12-year lifetime limit:

NO

Scorecards:

American Civil Liberties Union: 0

Christian Coalition: 89

Chamber of Commerce: 70

League of Conservation Voters: 63

Top Contributors:

1996: Republican National Coalition for Life, $ 7,295

1998: United Parcel Service, $ 7,500; National Rifle Association, $ 5,950

(Source: Center for Responsive Politics)

LANGUAGE: ENGLISH

LOAD-DATE: August 24, 1998

6TH STORY of Level 1 printed in FULL format.

Chicago Sun-Times

July 12, 1998, SUNDAY, Late Sports Final Edition

SECTION: FIN; Pg. 37

LENGTH: 181 words

HEADLINE: TOP TEN REASONS

BODY:

10 reasons why you should create a computer-based home business:

10. You're tired of working on tray tables in front of the TV.

9. Your clients are tired of sitting in your living room while you interview them.

8. You're taking that big early retirement package at Big Bucks Corp. and putting the money into a real home business.

7. You're embarrassed that you kicked your daughter off her computer so you could reconcile the budget report due in the morning to your biggest customer.

6. You've been running a free-lance consultancy out of your car.

5. Your accountant has hounded you for years to quit your day job and put that Psychic Friends Network connection to work for you.

4. How are you going to take the home office tax deduction if you don't have a home office?

3. Everyone else is doing it and you don't want to miss out.

2. So you can buy all that cool office stuff out of the home office catalogs and have a nice place to put it.

1. Because it's really tough to run a proper computer-based home business without a home office with a computer in it.

GRAPHIC: Chart. See related story page 40.

LANGUAGE: English

LOAD-DATE: July 13, 1998

7TH STORY of Level 1 printed in FULL format.

THE INDIANAPOLIS STAR

July 12, 1998 Sunday CITY FINAL EDITION

SECTION: REAL ESTATE; Pg. H01

LENGTH: 880 words

HEADLINE: Bringin' HOME the OFFICE;
Demand is climbing for new houses that offer room to conduct business

BYLINE: MARY FRANCIS; STAFF WRITER

BODY:

As the line between work and home blurs, many home shoppers want more than just three bedrooms, a nice kitchen and a patio for relaxing.

They want a place to work - a room just for the computer and office equipment.

Demand for office space is growing in the residential market, and builders are revising floor plans and upgrading wiring just to keep up.

One in five American households has a home office, according to CDB Research and Consulting Inc. of New York City. Baby boomers are most likely to have an office at home, but nearly one in four Generation Xers also has one.

Garnet and Chuck Rivera have two.

The couple, who live in Bargersville, recently converted a living room into a second office for Chuck Rivera. Before that, both husband and wife were trying to conduct business from the same crowded 9-by-10 office.

"He's really tidy, and I'm not," said Garnet Rivera, who is a health information supervisor for Northside Cardiology. "So we took a living room that nobody ever used the furniture in there was sat on maybe 10 times. "

The Riveras got Spivey Construction to help them remodel the room into an office, which is becoming a popular remodeling project, said Lynne Gallant, operations manager for Spivey. The company added built-in cabinetry, additional electrical outlets and additional ceiling lighting for the Riveras.

French doors lead into the office, just off the front entrance.

The office is located next to the kitchen and could still be converted to a dining or living room by a new owner.

The two-computer, two-office arrangement works well for Garnet Rivera and her husband, who is a project manager for drug development at Eli Lilly and Co.

"Sometimes, when I want his attention, I e-mail him," she said.

Popular request

A home office is becoming a requirement to attract buyers, say builders who deal with the move-up market - those buying larger, more expensive homes.

But even those buying in the mid-range are demanding better plans to accommodate home offices.

In a recent survey of local homebuyers, Ivy Homes found that 46 percent ranked a home office as very important or essential to Btheir purchase decision, said Jerrod Klein, sales and marketing manager for Ivy Homes.

Klein said 63 percent ranked having an in-home study as very important or essential to their purchase. Ivy sells homes in the $ 90,000 to $ 200,000 range.

"Many, many more people are truly working out of their homes," Klein said. "We see a lot of pharmaceutical sales reps and other companies who are maybe saving office space by putting salespeople in their home. "

On the ground floor

Klein said Ivy has changed floor plans to accommodate three bedrooms plus an office, as well as including three-phone-line capability at every phone-line location.

Ivy also tries to keep the office area in a convenient spot - close to an entry, and not on a second floor. Some customers have asked for sections of three-car garages to be designed and converted to office space, he said.

French doors provide a separate entrance to the front porch from the study in a Yovanovich home in the Prairie View development, near 131st Street and River Road in Hamilton County.

Clients can come into the office without ever having to go into the rest of the house. Another set of doors closes off the office from the rest of the house.

Office is now a priority

The room has built-in bookshelves, recessed can lighting, and a phone jack in the middle of the floor, making it easier to reach a computer on a desk, said Denny Yovanovich, company president.

"This is not something that looks like a bedroom," Yovanovich said. "I'm not building a house right now without a separate den or office.

"The den used to be seen as a showpiece, but people definitely want them to work. "

The Estridge Group is developing a whole community outfitted with state-of-the-art electronics as a standard amenity, said Steve Ranshaw, division leader for Estridge Development Co.

The community is called Centennial, and will have 898 homes on 360 acres at 156th Street and Spring Mill Road in Westfield.

A tax deduction

The new wiring is designed to increase speed and access to the residents' work network - making it possible for them to log in as quickly as they would if they were at their workplace, Ranshaw said.

Many people want to be able to spend more time at home, but still have quick access to work, he said. The company provides upgraded wiring in its homes, but plans to provide even better technology in the Centennial development.

More people may be able to take a tax deduction for those offices, beginning in 1999.

Once the new rules take effect, if a home office is used for administrative or management activities, its costs can be listed as a deduction, said Gail Perry, a local certified public account and the author of The Complete Idiot's Guide to Doing Your Income Taxes 1998.

Existing IRS rules require that the office activities generate income or provide the essence of the business - a doctor would be expected to see his or her clients at home, for example, Perry said.

Perry said she believes the deduction will be popular.

GRAPHIC: COLOR PHOTOS; PHOTO; WORKING: Yovanovich Homes' office has its own entrance.; ROOM RECYCLING: Lynne Gallant, operations manager for Spivey Construction and second vice president of the Builders Association of Greater Indianapolis, sits at the desk in Chuck Rivera's home office. The office, originally a living room in the Bargersville home, was adapted for re-use by Spivey Construction. The kitchen is at right.; WORK ROOM: Frank Spivey, Spivey Construction president, sits in Chuck Rivera's home office. Spivey Construction just added built-in cabinetry, electrical outlets and ceiling lighting in the room.; PATTY ESPICH; KELLY WILKINSON

LOAD-DATE: July 13, 1998

8TH STORY of Level 1 printed in FULL format.

Chicago Tribune

July 5, 1998 Sunday, CHICAGOLAND FINAL EDITION

SECTION: REAL ESTATE; Pg. 2; ZONE: C

LENGTH: 899 words

HEADLINE: PLENTY TO GO AROUND FOR HOME BUYERS IN MOST MARKETS

BYLINE: Lew Sichelman, United Feature Syndicate.

BODY:

Are we running out of houses for sale?

With both new and existing houses selling at record rates, you'd think a shortage might be at hand. But except for certain price ranges in certain markets, there are still plenty to go around.

New-home sales in May were running at an annual rate of 890,000 units. That was the ninth consecutive month of sales above an annual rate of 800,000, and an all-time high.

Furthermore, at the current sales pace, the supply of new dwellings underway could be exhausted in less than four months if builders stopped building, according to the National Association of Home Builders. A six-month supply of unsold inventory is about normal.

Even so, NAHB economist Gopal Ahluwalia says there's no place where contractors are out of inventory. Although there may not be a very wide choice in some price brackets in particularly strong markets, "we haven't heard of an acute shortage anywhere," he says.

One reason the supply of new houses is down--only 277,000 were for sale nationwide in February--is that builders generally are loath to start construction until they have a firm sales contract in hand. That way, they won't get caught with unsold inventory if the market turns south in a hurry.

But with sales so strong, an increasing number of builders are starting houses without buyers. That could prove disastrous, especially if they have too many units underway when things begin to slow. For now, though, it means that for the most part there is still an abundance of new houses from which to choose.

In the existing-house market, meanwhile, a six-month supply of houses is available. And that's about average, says Jason Altman, senior economist at the National Association of Realtors.

In March, 2.48 million houses were up for grabs nationally. That's just short of the record 2.51 million listings in June 1992. But the sales pace was much slower six years ago.

Nowadays, sales are much stronger. The annually adjusted rate of existing-house sales was at 4.89 million in March, the highest level since NAR began tracking sales in 1968.

Still, Altman says he's heard of few shortages of houses for sale. There have been scattered reports of bidding wars in areas where sales have been particularly hot, he says. But with so many sellers trying to take advantage of the strong market, it's been pretty much business as usual.

"Everyone's jumping into the market at the same time," says the NAR economist. "There are so many people putting their houses on the market right now that we'll start running out of new homes before we run out of existing homes."

On another housing topic, is the trend toward home offices overblown? Are rooms dedicated entirely to work the biggest waste of space since the advent of the living room? You decide.

In its first-ever look at home-based businesses, the Labor Department has found that about 6 percent of all households--6.1 million, to be exact--operated businesses out of their residences last year.

But running a business out of your house is one thing; working at home is something else.

For example, the Labor Department said the workweek of self-employed people averages only about 23 hours.

And what about those folks who are employed outside the home but are allowed to work where they live? Their numbers have been variously estimated at 9 million to 42 million, the latter figure probably encompassing those who bring work home in the evening or work once or twice a week at home.

But Leanne Lachman of Schroeder Real Estate Associates, a New York advisory firm, says that even the lower number is way too high.

"The truth is that millions of people have offices in their houses that are used fitfully," she says.

Fewer than 5 million is more like it, says Lachman. Her evidence: An AT&T report that says that, on average, its workers who telecommute spend just six days a month out of the office.

Also, a statement by Olsten Corp., a temporary-employment service, says that while 42 percent of its clients offer some kind of telecommuting arrangement, only 7 percent of their workers actually do so.

Of course, you can claim an office in your home as a tax deduction. But the home-office write-off is probably the biggest red flag that could be on anyone's tax return. Why?

Because most people violate the rules.

The space has to be dedicated entirely to work. You can't write off the dining room if you work at the table all day but also eat breakfast there in the morning and dinner there at night.

Also, you can't make a legitimate claim if the space isn't your principal place of employment.

Bringing work home from the office doesn't count.

Elsewhere on the housing front, television may have taken over as the focus of America's family rooms, but fireplaces remain an icon. Even in warmer climates. Even in those parts of the country where air quality is closely monitored.

Even when the fireplace is a pricey option, it's not really an option for most people: They just have to have one--or more.

According to the Census Bureau, three out of every five new homes built last year had a fireplace, and 4 percent had two or more.

In Texas, Ryland Homes reports that a fireplace is the first option choice of more than 60 percent of its buyers. And in California, half of Ryland's buyers choose to add a second fireplace.

LANGUAGE: ENGLISH

LOAD-DATE: July 5, 1998

12TH STORY of Level 1 printed in FULL format.

The Denver Post

June 28, 1998 Sunday 2D EDITION

SECTION: BUSINESS; Pg. L-08

LENGTH: 747 words

HEADLINE: Creative options available to road congestion

BYLINE: By Bill Schroer, ENERGY

BODY:
Recent legislation just passed by Congress and the Colorado Legislature will funnel about $ 1 billion annually for the next decade toward roadway maintenance and development in the state. A bustling economy requires road investment but another way to meet surface transportation needs and ease congestion is emerging that centers on reducing driving.

In the past, as roads filled up, it was easier to build more, or add lanes or beef up mass transit. Today, this is more difficult and puts government transportation officials in a pickle because these technocrats are committed to supply-side solutions. Supply-side remedies include road maintenance and development, road improvements that smooth traffic flow and bus or rail expansion. Transit projects can ease congestion by shifting commuters from roads to rail or busses.

However, most supply-side congestion solutions are big government projects that take big bites out of tax revenues to accommodate more driving or transit travel. Today, funding shortfalls or political opposition often stymie the supply-side approach. The idea of reducing driving demand to ease gridlock is nonexistent or downplayed by most government transportation planners because of training or because their agencies are legally, or politically, obligated to provide almost all support to the supply side.

Elsewhere, however, controlling demand works. For example, many electric utilities have offered programs that clip loads during expensive peak periods by providing customers rebates to buy energy-efficient lighting and equipment. The supply-side failure to relieve congestion cheaply or quickly has prodded the government transportation establishment and others to support more demand-side approaches. Consider the following.

Boulder's Congestion Relief Program. The city of Boulder is one of the first U.S. cities to explore "congestion pricing," or charging motorists based on total driving expenses that include air pollution and other social costs. If motorists are assessed these costs, driving would be priced more expensively, but more fairly, and vehicle travel would be curtailed. Boulder found the true cost for single-occupancy vehicle travel, per passenger mile, is $ 1.01 compared to the lowest cost option, high-occupancy vehicle travel (car pooling), which logged in at 63 cents per passenger mile. Pricing mechanisms include tolls, local gas taxes and fees based on miles driven. While Boulder won't activate congestion pricing now, it laid a foundation for the city and other locales to install it later, if supported by residents. Whether or not congestion pricing is used as a market-based method to curb driving, it will be used by communities in the future to replace dwindling government transportation funding. Call Debra Baskett at 303-441-1942.

Colorado Telework Coalition. About 160 employers and others have formed this group to advocate "telecommuting," or "teleworking." Teleworking describes arrangements for employees to labor at home or in central locations closer to home than the office. This cuts driving and well-managed programs increase worker productivity and loyalty. The coalition may support legislation that provides tax credits to telework employers. Telework relies on computers and other "telegadgets" that facilitate work away from the office. Call Bob Whitson at 303-413-7304.

Transportation Management Associations. These are employer-based groups that focus on specific problems in a defined area. For instance, GO TEAM, a new TMA in Colorado Springs, will look at demand-side remedies and transit to unclog traffic jams along the Garden of the Gods Road/University of Colorado corridor. Metro Denver has five TMAs. Contact your regional planning agency or the Denver Regional Council of Governments at 303-455-1000 for tips to start a TMA.

Other private and public demand-side options include car pooling, delivery services and neighborhood shuttles connecting riders to shopping centers and transit routes. While demand-side applications alone aren't a congestion or air quality panacea, they are a low-cost resource with vast potential that depend more on market forces and enterprise than taxes and government bureaucracy. We're finding the best "mobility" programs may be the ones helping people stay put. Bill Schroer is a Golden-based economist who works in energy and environmental policy issues at the local, state and federal levels. His column appears every other Sunday.

LOAD-DATE: June 30, 1998

16TH STORY of Level 1 printed in FULL format.

The Washington Post

June 20, 1998, Saturday, Final Edition

SECTION: REAL ESTATE; Pg. M05; HOUSING COUNSEL

LENGTH: 916 words

HEADLINE: Music Teacher Take Note: Vague Condo Bylaws May Let You Teach From Home

BYLINE: Benny L. Kass

BODY:

Q. I have just retired from my job as a high school music teacher. I want to supplement my income by giving music lessons in my home, but my condominium association will not allow me to do this. What rights do I have and what do you recommend?

A. The issue of "home office" use in community associations is shaping up to be a hot topic as we move into the 21st century.

Community associations have operating documents, often called declarations, bylaws, articles of incorporation or covenants. When you buy into a community you are generally required to abide by these rules and regulations.

Many people want the assurances that the status quo will prevail in the neighborhood where they live. Many people want uniformity in their community, such as fences being the same height and window treatments being the same color.

These operative documents are recorded among the land records where your property is located. They "run with the land," which means they are binding on all homeowners who are within the jurisdiction of the community association.

When there is a violation of these documents the board can take appropriate legal action to stop these infractions. The board has a range of enforcement options, from issuing fines to filing a lawsuit asking the court to enjoin the violator.

There are, of course, significant exceptions -- and limitations -- on the board's authority. For example, if a board is not enforcing the rules on a uniform, consistent basis, a court will probably not allow the board to arbitrarily pick and choose when they can try to enforce their rules. Additionally, if the rules are vague -- or do not contain appropriate guidelines and standards -- the courts throughout this country have refused to enforce these rules against alleged violators. One must be able to understand the rules.

The home office issue in community associations has been brewing for a number of years. With the advent of modern communication and computer systems, many of us find that we can work at home more efficiently and more productively than if we are fighting traffic and parking to get to our workplace.

In the Tax Reform Act of 1997, Congress overturned a Supreme Court ruling that previously had imposed limitations on the tax deductibility of home offices. The ruling came in a case centering on a doctor's attempt to deduct the expense of his home office because this was the place where he did all his bookkeeping and research and made his appointments.

The high court rejected the doctor's deductions. The court took the position that his principal place of business was in the hospital where he practiced; that was where the primary income-generating functions of his trade or business were performed.

But Congress decided otherwise. Effective Jan. 1, a new definition of "principal place of business" will be in the tax code. A home office will qualify for tax deductions if the office is used by the taxpayer to conduct administrative or management activities of the taxpayer's trade or business and there is no other fixed location of the trade or business.

Thus, this new law -- plus modern technology -- is starting to clash with the restrictive legal documents of community associations. Indeed, the Community Associations Institute -- a nonprofit national organization created in 1973 to educate and represent the nation's 205,000 community associations -- recently called upon its membership to reconsider bans on home-based businesses.

According to the institute, about 100,000 home-based businesses are established each month; by some estimates, as many as 40 million people work out of their homes.

In your case, you want to teach music in your home. Clearly, if you are giving tuba or drum lessons, this may disturb your neighbors. But if you are teaching such instruments as piano or violin, I see no reason why you should not be allowed to do so.

Read your association documents carefully; what exactly is the home-office prohibition? As indicated earlier, if the language is vague -- or is discriminatory in that it allows some businesses but not others -- you may have an argument that these restrictions should not be applied to you.

You should also talk to your neighbors to determine if they will object to your giving lessons. They may want to restrict the lessons to certain hours of the day, which may be an acceptable compromise for you.

Then you should raise the issue with your board of directors. Ask them to poll the community, with the view of determining whether your legal documents should be amended -- or at least not enforced as to certain violations.

Amending legal documents in a community association is possible, but it takes a lot of hard work. Mount a major campaign in your association to gather support from your neighbors. Treat your cause as if you were running for political office: Appoint floor (or neighborhood) captains to canvass the neighbors and obtain petitions and proxies to amend your association documents.

We are moving into the 21st century, but many community association documents were drafted before computers became common. Community associations must also move into the new millennium.

Kass is a Washington lawyer. For a free copy of the booklet "A Guide to Settlement on Your New Home," send a self-addressed stamped envelope to Benny L. Kass, Suite 1100, 1050 17th St. NW, Washington, D.C. 20036. Readers may also send questions to him at that address.

LANGUAGE: ENGLISH

LOAD-DATE: June 20, 1998

22ND STORY of Level 1 printed in FULL format.

Copley News Service

May 25, 1998, Monday 20:48 Eastern Time

SECTION: Standing, general features

LENGTH: 699 words

HEADLINE: HOME/OFFICE TECHNOLOGY
Shorts and fillers

BODY:
How do Americans feel about new technology? A national poll conducted by Harris & Associates for Pioneer Electronics (USA) Inc. found that while most consumers believe technology improves the quality of life, they were also overwhelmed by how it affects their lives.

Other results from the cross-section survey of 1,000 adults:

42 percent believe technology is getting out of control.

49 percent are concerned about how quickly products become outdated.

31 percent said cost was their prime concern.

16 percent mentioned concern about being able to use products to the potential.

The survey also asked respondents to identify their skill level as ''expert, competent, struggling or clueless'' about consumer electronics and computer equipment.

Confidence is high when it comes to buying or operating VCRs or CD players, but not so in regard to purchasing and using computer equipment.

71 percent classified themselves as ''expert'' or ''competent'' when buying and using home electronics.

35 percent said they reached a similar level of efficiency to purchase and operate computers.

62 percent consider themselves to be ''struggling'' or ''clueless'' when it comes to computer equipment.

Survey results also show a need to heighten consumer awareness about new technology.

43 percent said they had heard of DVD (Digital Versatile Disc).

37 percent said they had heard of GPS (Global Positional System).

24 percent said they had heard of RDS (Radio Data System).

23 percent said they had heard of a non-existing technology, RRS (Remote Ram System). (CNS)

Frost Free?

So, you've bought a new refrigerator and vision of a frost-free lifestyle are dancing in your head. Well, don't be surprised if you still find frost and moisture in the freezer and fresh food section from time to time.

What's going on? The Major Appliance Consumer Action Program answers that question and offers tips on what you can do to fix the problem.

According to MACAP, new refrigerators retain colder temperatures. On hot humid days especially, the moisture entering the refrigerator or freezer when the door is opened will cause frost to form inside the freezer and moisture to collect inside the refrigerator.

Additionally, to reduce energy use to meet government requirements, defrost heaters have shorter run times. Light loads in the freezer also contribute to the problem.

Here are some tips to help control the problem:

Use you air conditioner to reduce humidity.

Arrange shelving and food items so air circulates.

Don't overload or underload the freezer. It should be at least half full.

Set the controls as recommended in the use and care book. Manufacturers may suggest different settings for summer and winter.

Properly seal liquids and high-moisture foods stored in the fresh food section.

Open and doors as few times as possible.

Clean the condenser coils at least twice a year. Check the use and care book for procedures. It will also save energy.

Cover pots and pans and use the range hood fan when cooking to reduce moisture in the kitchen.

Check and maintain the door gaskets. A good door seal keeps warm moist air out of the refrigerator. (CNS)

Home Offices

The house is no longer just a home. With an increase in telecommuting of about 15 percent each year over the past decade, more and more home buyers are checking out the closets, evaluating kitchen appliances and measuring space for a home office.

The trend is affecting housing markets across the country, making homes with office space both more buyable and more sellable.

Besides the convenience, there is also financial incentive for having an office in your home. According to the Internal Revenue Service, more than 1.5 million tax filers claimed home office deductions in 1994 that totaled more than $3.1 billion. Annual expenses and minor improvements can be figured in tax credits.

''Homes with offices used to be considered a luxury,'' says Marion Snipes, a residential real estate agent in Fort Worth, Texas. ''Now, with several large companies promoting telecommuting, home offices are becoming standard.''

CHUARD-CNS-SD-05-25-98 1748PST

LANGUAGE: ENGLISH

LOAD-DATE: May 26, 1998

24TH STORY of Level 1 printed in FULL format.

The Detroit News

May 13, 1998, Wednesday

SECTION: Business; Pg. Pg. B4

LENGTH: 1035 words

HEADLINE: Room for home offices in demand: Convenience is one reason, economics another in the '90s

BYLINE: By Noreen Seebacher

BODY:

BLOOMFIELD HILLS -- More workers have visions of cozy hours in front of their home computer screen, cuddled close to their second phone line, fax machine and a host of other once-office-only amenities.

They're creating home offices from dens and bedrooms, walk-up attic spaces and even finishing off portions of their basements in a pinch.

As the numbers of home-based businesses, telecommuters and after-hours workers increase, home offices are becoming as in demand as fireplaces -- rooms that growing legions of people feel they can't do without.

Sara Snyder, media relations manager for Ameritech, works from the office in her Bloomfield Hills condominium several times a month. She's equipped a spare bedroom with a computer and other equipment that gives her the same access to files and e-mail she would have by commuting to Detroit.

Snyder said working at home keeps her productive at night and during times when she can't make it to the office, like last summer when tornadoes hit.

"It was great," Snyder said. "There was no way I could've made it in, but I was still able to get all my work accomplished."

Home-based workers number 52 million, according to Stuart Gibbel, director of marketing for Cyber Dialogue, a New York research and consulting firm. About 8.7 million of those are home business owners, 18.3 million are self-employed and 11.1 million are telecommuters and employees who work from home part of the time.

"Most people today want a room they can use for their computer because they do at least some work at home," said Randy Repicky, a Realtor in Grosse Pointe Woods.

Convenience is one reason, economics is another. A home office used exclusively for business can bring a wealth of tax deductions.

If you qualify under IRS rules, you may be able to take a depreciation deduction if you own your home or deduct a portion of your rent. In addition, you may be eligible to deduct a portion of your total utility, maid, home repair and maintenance, property tax and house insurance costs.

The Detroit News, May 13, 1998

Beginning in 1999, the home office deduction will be greatly expanded. Frederick W. Daily, author of Tax Savvy for Small Business, said a deduction will be allowed if you use your home office to conduct administrative or management activities for your business, as long as there is no other fixed location where you conduct such activities.

For example, you'll be able to take a deduction if you use your home office for scheduling appointments, ordering supplies, doing research or keeping books.

These changes will make the home office deduction available to thousands of small business owners who perform their most significant business functions outside their home, but use their home offices to manage their business -- for example, doctors who do their primary work in hospitals, salespeople who do their selling in customers' offices, building contractors and others who work at job sites.

New York-based free-lance writer Noreen Seebacher is a former Detroit News reporter.

Create a home office

What do you need for a quality home office? Experts say start with a plan.

* Consider tax implications. To qualify for a tax deduction, the office must be used exclusively for business purposes. Even if you can't take a home office deduction, almost all ordinary and necessary business expenses -- from business phone lines to paper clips -- are deductible.

* Choose the right location. You don't want to isolate yourself from your family, but you don't want to be in the center of household traffic either. Choose a room that offers privacy, quiet and accessibility.

* Plan your workspace. Steelcase, a Grand Rapids manufacturer of office furnishings, said comfort and efficiency are optimized by adequate workspace. Allow a minimum surface of 24 inches deep by 36 inches wide for supporting a computer, keyboard and mouse. More space will be necessary for a phone, fax machine or printer.

* Invest in a good chair. A comfortable worker is a more productive one. Steelcase suggests seating be height adjustable, tilt backward and provide sufficient lower back support. Most kitchen and dining room chairs will not do. For computer work, the user's elbows need to be close to the trunk, forearms should be parallel to the floor and wrists should be straight when using a keyboard or mouse.

* Keep the scale of the room in mind. Look for sturdy products whose weight, mobility and size are scaled appropriately for home office use.

* Spring for assembly. You can find great office furniture at reasonable prices in warehouse and office supply stores, but most of it comes unassembled. The time and frustration you save by having someone else do the assembly can be better used working on business calls.

* Make it like home. A home office doesn't have to look cold and uninviting. Make it as warm as the rest of the house, carefully decorated so it's inviting

to you and clients.

* Give electronic components sufficient air space and protection from direct heat or sunlight. Get grounded surge protected electrical service for your office equipment. It can save you expense and loss of data in the event of a power surge.

* Your telephone is your link to the world. Get the right service from the company that offers the best selection of price and options. You should have at least two lines or a high-speed line that can handle voice and data simultaneously. You may also want to consider voice mail, conference calling and call waiting with caller identification.

* Understand your home office is still part of your home. Talk to your family about rules and responsibilities, like when interruptions are acceptable and whether anyone other than you should answer the business line.

Tax deductions

To qualify for a home office deduction, the IRS requires three legal tests to be met:

1. Your home must be the principal place where you conduct your business.

2. The business must occupy a separate and identifiable space, apart from the rest of your home.

3. You must use your business space regularly and exclusively for business purposes -- more than just once or twice a month.

Source: Internal Revenue Service

GRAPHIC: Sara Snyder of Ameritech says working at her Bloomfield Hills home keeps her productive at night and during times when she can't get to the office. Alan Lessig / The Detroit News

LOAD-DATE: May 13, 1998

25TH STORY of Level 1 printed in FULL format.

THE ORLANDO SENTINEL

May 11, 1998 Monday, METRO

SECTION: CFB; Pg. 27

LENGTH: 564 words

HEADLINE: HOME-OFFICE DEDUCTIONS WILL BE EASIER TO TAKE, BUT NOT TILL 1999

BODY:

QUESTION: I am a self-employed plumber. I use one bedroom for my clerical work since I do not have an office elsewhere. I have heard about the tax-law change for "home-office" deduction. Will I be eligible to make a deduction with the change? What are the rules and regulations to be qualified?

To currently deduct your home office it must be used exclusively on a regular basis as the principal place of any business carried on by the taxpayer and be a place of business that is used by patients, clients, or customers in meeting or dealing with the taxpayer in the normal course of business.

Expenses include such items as deductible mortgage interest, real estate taxes, insurance, repairs/maintenance, and utilities for the percent of business use. Deductions cannot increase a net loss from the business activity to which it relates, but may be carried over to future years subject to that year's limitation.

Starting in 1999, your home can be the "principal place" of business if you use it to conduct "administrative or management activities" and there is no other fixed location where you do substantial amounts of this work.

This new rule could benefit many small businesses that currently do not qualify for the home-office deduction. So, mark your calendars and be sure to check with your tax advisor.

Linda D. Smith,

Smith Nielsen & Co.

The Taxpayer Relief Act of 1997 enables some taxpayers who have a home office, but who haven't been allowed the deduction in the past, to now qualify for the deduction on their tax returns. However, this law change becomes effective in 1999.

For 1998, you will not be able to take a home-office tax deduction unless your home office is your principal place of business. To be able to deduct certain expenses for 1998 on your tax return you must meet the following criteria:

You must use a portion of your home regularly and exclusively as your principal place of business; or

You must meet with clients or customers in a portion of your home that you use regularly and exclusively for business; or

You must have a separate structure at your home, such as a workshop, studio, or greenhouse that you use regularly and exclusively for business.

The new law effective in 1999 will qualify a home office as a principal place of business if you use it to conduct administrative or management activities pertaining to your business and if you do not have any other location where you perform a substantial amount of those administrative or management activities.

Based on the information you have provided, you cannot take a home-office deduction for 1998. However, you may qualify for the 1999 deduction if you meet all tests.

Betty Jo Mackenzie,

Small business consultant

Beginning in 1999, the definition for a principal place of business will be expanded.

If you use your home office exclusively and regularly for administrative and management activities of your business, and if you have no other office, you will be qualified to claim the deduction.

To figure your allowable deduction, you need to use Form 8829 and file it with Schedule C. For more information about how to deduct, read IRS Publication 587 or contact the University of Central Florida Small Business Development Center at (407) 823-5554 or online at http://pegasus.cc.ucf.edu/sbdcucf.

Eunice Choi,

UCF Small Business

Development Center

GRAPHIC: BOX: NEED HELP? The Idea Bank helps small-business owners solve problems and gauge opportunities.; Questions are answered by local experts who volunteer their time at the University of Central Florida's Small Business Development Center.; If you have a question, call the Sentinel Reader Line at (407)872-7200, enter category No. 9325 and record your comments.; Or send e-mail to osobiz(AT)aol.com; Include your name and phone number.

LANGUAGE: ENGLISH

COLUMN: SMALL BUSINESS
IDEA BANK

LOAD-DATE: May 11, 1998

29TH STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

April 30, 1998, Thursday, CONSTITUTION EDITION

SECTION: EDITORIAL; Pg. 14A

LENGTH: 435 words

SERIES: Metro Final

HEADLINE: Editorials;
GOP misses point of child care bills

BODY:

Working moms and full-time homemakers both feel guilty. They shouldn't. In the current round of the Mommy Wars, the blame rests solely with Congress.

The Republican right has artfully turned President Clinton's child care initiatives into Mommy War Redux. Clinton's $ 20 billion package would extend child care to 600,000 children from poor families and allow another 30,000 to 36,000 into Head Start and Early Head Start programs. It also offers businesses a tax break for offering on-site child care.

Republicans threw a tantrum over the proposal's modest expansion of the dependent care credit for working parents earning less than $ 60,000. The maximum credit would be $ 2,400 for a family of four with at least two children in day care.

Opponents complain that the tax credit discriminates against stay-at-home mothers. The same Republican lawmakers who demanded that welfare mothers go to work now insist that the middle-class women get a break for staying home. According to GOP New Math, there's too little money in the budget to permit welfare mothers to stay home with their kids, but more than enough to pay the mothers who don't work because they can afford to stay home.

No word on whether the GOP will also lobby on behalf of renters denied the mortgage credit awarded homeowners. Will Republicans go to bat for the taxicab drivers who can't write off a home office, as self-employed business owners can?

The GOP contends that the Clinton plan will destroy the traditional family because the paltry tax credit will entice more women into jobs. Then, the crafty Clinton will improve child care, thus replacing Mom with government creches.

Either Republicans are disingenuous or they're in denial, since 23 million American mothers are already in the labor force. And it's not because they're splurging on cosmetic surgery. About half the families with young children earn less than $ 35,000 a year.

Republicans' support of motherhood has always stopped short of the issues that really affect women's lives. They opposed more generous maternity benefits. U.S. law guarantees only 12 weeks unpaid leave, while one-third of industrial nations guarantee paid leave for 14 to 24 weeks. The GOP fought the family leave that enables Americans to take time off from work to care for dying parents or sick children.

Many mothers do sacrifice to remain at home with their children. But millions of others would have to forgo the roof over their heads and the food on their table to afford to stay home. Helping mothers who must work does not denigrate the women who stay at home.

LOAD-DATE: May 1, 1998

30TH STORY of Level 1 printed in FULL format.

The New Republic

APRIL 27, 1998

SECTION: Pg. 21

LENGTH: 2103 words

HEADLINE: THE 1099 REBELLION

BYLINE: Daniel H. Pink

HIGHLIGHT:
The coming of "free agent" politics.

BODY:

It used to be that a conservative was a liberal who had been mugged. But, with crime rates falling and even lefties preaching law and order, that adage no longer applies. These days, a conservative is a liberal who has become a free agent. And in that new political adage lie the seeds of what may be America's next tax revolt.

Across the country, 25 million working people have declared free agency. They have abandoned traditional jobs and instead are moving from project to project, assignment to assignment, untethered to any particular employer, unattached to any large institution, relying on themselves, and living by their wits. They are 14 million self-employed Americans, almost nine million independent contractors, and 2.5 million temps. Some have been pushed. Free agency is often the result of downsizing. Others have leaped. Free agency is often Dil

Daniel H. Pink, formerly chief speechwriter to Vice President Gore, is a contributing editor at Fast Company. He is writing a book about the free- agent economy.

bert's revenge. But, whatever their motivations, their numbers are eye-popping. Beneath the radar of the political and media establishment one out of six working Americans has become a free agent. And, although government statistics on this trend don't really exist, a wealth of circumstantial evidence--a sizeable increase in tax filings for independent contractors, a significant decline in employment among Fortune 500 companies, an explosion of temporary work firms--all suggest that the number of free agents is higher than ever before.

And if there's one thing this diverse collection of people has in common it's that everyone's steamed about taxes. Two hundred twenty-five years after the Boston Tea Party, free agents are not exactly storming the capital to hurl their 1099s into the Potomac River. They have few champions in Congress and only an incipient political organization. But free agents may come into political maturity sooner than anyone suspects. And the politician who finds a way to address the concerns of these new tax protesters may find himself the darling of a constituency whose allegiance is as yet unclaimed and whose numbers are large enough to sway elections.

The source of free agents' bubbling discontent is not taxes per se but the tax code itself. It was designed during an era when big business was ascendant and free agency an exotic choice. As a result the tax code is replete with biases--some invisible, some glaring--against those who work but don't hold a "job."

To begin with, free agents face double taxation on Social Security. Let's say you work for a typical mid-sized company. Each pay period, your employer takes 7.65 percent of your salary and sends it to the government to help pay for Social Security and Medicare. Then your employer takes the same amount from its own coffers and gives that to Social Security as well. This is the main financing scheme for one of the grand bargains of American life. But free agents don't get the same deal because the boundary between employee and employer doesn't correspond to the realities of their lives. Like everyone else, free agents must kick in the 7.65 percent of their income to Social Security that employees pay. But, since they are also their own employers, they must kick in the additional 7.65 percent employer contribution.

To add injury to insult, some unscrupulous companies will fire employees and then contract them to do the same job--in part to shift that second portion of Social Security taxes from the company to the individual. However, those unscrupulous companies aside, some might argue that since firms that hire free agents don't have to pay Social Security taxes they might be expected to give some portion of that money back to the free agent in the form of higher pay. But there is no evidence to suggest that this is actually happening.

A second bias is health insurance. On this free agents don't just get the short end of the stick--they get poked in the eye with it. Assuming, once again, that you worked for that mid-sized corporation, your health insurance would most likely be paid through a contribution from both yourself and your employer. The portion contributed by your employer is considered a cost of doing business, which means your employer gets to deduct it. But not only must free agents pay all of their health insurance themselves; since they're not employers in the traditional sense (particularly in the sense of having a big lobby to fight for tax breaks), they have also been barred from deducting most of their health insurance costs.

As recently as 1992, health insurance premiums for the self-employed weren't deductible at all. After that, Congress fought an annual battle to renew a 25 percent deduction. But, in 1996, the deduction was at long last made permanent. This year, free agents will be permitted to deduct 45 percent of their health insurance premiums, an amount that will rise slowly over the next decade. While less than half is better than next to nothing, this plan still means that free agents' health insurance premiums won't be fully deductible until 2007.

As more people migrate to free agency, there is of course one group that stands to benefit mightily: accountants. Tax calculations for most jobholders are rather straightforward--the w-2 does most of the heavy lifting. But, for free agents, simply trying to do the right thing can be a nightmare. Many expenses are legitimate deductions; others are not. Discerning the difference often requires the rigor of a Talmudic scholar. Making matters worse, says Beverly Williams of the American Association of Home-Based Businesses, "free agents are on the IRS hit list." You're more likely to get audited if you have self-employment income or if you take a deduction for a home office because these deviations from traditional practice are often presumed to indicate that a taxpayer is trying to shield other income or even scam tax collectors.

As if free agents weren't frustrated enough with the tax code, they are forced to confront it not once, but four times a year, because the law requires that they file estimated taxes every three months. If they live in a state with an income tax, they must also pay state estimated taxes--which are often due on different days from the federal payments. Thus, many free agents are preparing eight separate tax filings a year. And, whereas those in the rest of the workforce have their taxes automatically withheld from their paychecks, free agents must actually write out a check to Uncle Sam each time they pay the government. This last difference doesn't affect a free agent's bottom line the way the other provisions in the tax code do, but it has what is perhaps an even more powerful impact: It changes the entire psychology of taxation. For free agents, taxes aren't just higher, they're more visible.

In short, becoming a free agent means entering a sort of tax hell: You're hit with double taxation. You're not permitted to deduct much of your already sky-high health insurance premiums. You're forced to navigate a thick and complex tax code--with each decision potentially triggering an audit. And you're reminded of these happy facts between four and eight times a year. Add these factors together. Multiply by the 25 million free agents out there, and you can almost hear the rumble of a tax rebellion in the making.

For the moment, we're not hearing much at all. However, the wait may not be long. The first politician to offer any semblance of a free-agent spark is Republican Senator Kit Bond, a lifelong pol who began his career as auditor of his home state of Missouri. Bond is conservative both in his politics and his manner. But he has an intriguing history of independence from his party on workplace issues. In the early 1990s, he was one of the few Republican champions of the Family and Medical Leave Act. Last year, with the Clinton Administration's backing, he pushed to expand the tax deduction for home offices. And it was Bond who was the driving force behind the provision that this year will allow free agents to deduct 45 percent of their health insurance premiums. Bond originally sought an immediate 100 percent deduction, financed by an increase in the cigarette tax, but that measure was narrowly defeated.

One reason Bond is such a rarity is that he and his other 99 colleagues have felt neither the hot breath of angry constituents on the back of their necks nor the cool cash of PACs in their reelection tills. Unlike labor union members or large businesses, the 25 million free agents still don't have a single powerful political voice. "We're too busy trying to make a buck and pay our taxes to initiate changes on a policy level," explains Caren Ginsberg, a self-employed health care market researcher in Washington. "I want a lobbyist."

Ginsberg's answer may be a New York-based group called Working Today, the first organized political force for free agents. Working Today is the invention of Sara Horowitz, a 35-year-old who spent the bulk of her career as a union organizer and labor lawyer. Two years ago, animated by the labor movement's core aspirations, but fed up with its tactics and structure, Horowitz launched her group. It now has nearly 60,000 members.

Working Today is a curious hybrid. Like a labor union, it advocates for workplace fairness. But it is also something of a consumer's union. Members pay $10 to join, and Horowitz uses their collective buying power to negotiate group discounts on health insurance as well as on a range of other products and services like computer software, Internet service, and travel. Think of Working Today as the political love child of the afl-cio and the aarp.

Politicians in general, and Democrats in particular, would do well to take notice of groups like these. America's 25 million (and growing) free agents easily outnumber the 16 million (and shrinking) members of labor unions. Already there are signs the politicians are waking from their slumber. "When I used to go to Washington the Beltway people would say, We know who the powerful people are, and you're not one of them,'" says Horowitz. "Now I'm beginning to feel a difference."

While Horowitz's agenda is broader than taxes, she recognizes how the unfairness of the tax code can lure members to her cause. "This is the hip new workforce of the 1990s, but they're working under laws that are closer to the 1890s," she notes. "Taxes aren't everything, but they're a big part of getting these people to think of themselves as a constituency." And the politics of this new constituency, much like the form of their work, doesn't fit old categories. "This isn't liberal," says Horowitz. "This isn't conservative. It's something new." It presents a common ground for people who aren't usually linked politically--the downsized manager turned consultant, the working mom temp, and the new economy road warrior.

So far, the few policy suggestions for restoring tax fairness that have surfaced are more modulated than the blunt anger of earlier tax rebellions like Proposition 13 in California. One proposal is to end double taxation, then offset the lost revenues by rolling back corporate welfare. Such proposals hold some promise: Corporate welfare is one of the few issues that unite buttoned-down libertarians and scruffy Naderites. But ending corporate welfare has until now proved extremely difficult.

Another possibility, less tangible but perhaps more realistic, is for free agents to insert their tax concerns into the discussions about reforming Social Security. President Clinton's pledge to "save Social Security first" has enormous implications for the people who are financing the program with a disproportionate share of their income. This is a ready-made issue for a Social Security wonk like Senator Daniel Patrick Moynihan or for more ambitious risk-taking politicians like senators Bob Kerrey of Nebraska or John McCain of Arizona.

At the very least, the dialogue of our political system needs an expanded vocabulary. Republicans love thumping their chests and claiming to "promote business." And Democrats love wiping away a tear and promising to "protect jobs." But the truth is that many of us are already positioned somewhere between those two poles. We're becoming a nation of free agents--people who are their own employers and employees--and a leader who speaks this new language may find him or herself at the head of the next American tax revolt.

LANGUAGE: English

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63RD STORY of Level 1 printed in FULL format.

The Cincinnati Enquirer

February 22, 1998, Sunday, ALL EDITIONS

SECTION: EDITORIAL, Pg. B05

LENGTH: 1945 words

HEADLINE: NEWSMAKERS
Tracking Tristate legislators' success
Do they fill the bill?

BYLINE: PAUL BARTON

SOURCE: Enquirer Washington Bureau

BODY:

Sen. Mike DeWine and Reps. Jim Bunning and Rob Portman have been the most successful local Republicans at getting their measures passed or included in other bills.

The Enquirer analyzed how effective the Tristate Republican delegation has been since January 1995, when the GOP took control of both houses of Congress for the first time in 40 years. The victory gave area Republicans an unprecedented chance to make a legislative record for themselves.

The Enquirer review focused on measures that became public law, rather than House or Senate rules changes. It also dealt with policy issues, rather than additional appropriations won for their states or districts.

Messrs. Bunning of Southgate and Portman of Terrace Park have pushed a flurry of tax-related proposals as members of the House Ways and Means Committee. Mr. DeWine has focused more on social and family issues.

Rep. John Boehner, R-West Chester, doesn't have as many personal legislative accomplishments, but his staff insists there is an easy explanation.

As House Republican Conference chairman, he has played a role in passing virtually every major bill that has come out of the chamber in the past three years, from welfare reform to the balanced budget agreement of 1997, said aide Dave Schnittger.

Rep. Steve Chabot of Cincinnati doesn't have many items of his own passed into law either, but claims a significant role in shaping major legislation through opposing allegedly onerous provisions.

Sen. Mitch McConnell of Kentucky has recorded several legislative victories.

Legislative records are likely to be a major item of debate in the 1998 and 2000 congressional elections. Messrs. Portman, Boehner and Chabot face re-election this year. Mr. Bunning is running for the Senate seat held by the retiring Wendell Ford, D-Ky. Mr. DeWine is already focusing on fund-raising for his 2000 re-election race.

Legislative records deserve to be brought up in campaigns, said Richard Fenno of the University of Rochester, a leading experts on how Congress works. "I think it is a sign of their personal energy and staff competence and those are things I think their constitutents ought to know about," he said of bills passed.

But whether constituents will care is another matter. "If you ask the average voter what bills their congressman is working on, they are likely not going to know," said Sarah Binder, a Brookings Institution analyst.

Experts say it helps to have a favorable committee assignment in pushing legislation. Messrs. Bunning and Portman have enjoyed that advantage as members of House Ways and Means Committee. Mr. Bunning has also been on the House Budget Committee. "They are always a very important base to start with," he said.

The most attention-getting measure for Mr. Bunning has been the Senior Citizens Equity Act, which raised the limit on the amount working seniors could earn before losing Social Security benefits. It was an issue Mr. Bunning, chairman of the House Social Security subcommittee, had been working on for 10 years. "It takes as much time as you want to dedicate to getting something done. Ten years is a pretty good amount of time," he said.

Mr. Bunning has gotten 11 measures passed into law, including ones to improve tax treatment of home office expenses, student loan interest payments and promote adoption. He also won on measures to promote transracial adoption.

Messrs. Bunning and Portman have also accomplished what for most members is a legislative rarity - to get a bill with their own name listed as the chief sponsor on the final version that goes to the White House for signing.

Frequently, proposals introduced as free-standing bills can only pass by being rolled into larger bills. Mr. Bunning and Mr. Portman have had one bill apiece passed with their name as chief sponsor.

For Mr. Bunning, it was a proposal to provide tax relief for troops in Bosnia that passed in 1996. For Mr. Portman, it was the Drug Free Communities Act to rechannel existing federal dollars into helping local community coalitions that fight drug abuse. It passed in 1997.

On a major proposal passed in 1995 to protect cities and states from unfunded federal mandates, Mr. Portman was credited for taking the lead on the issue - and later was honored by groups representing state and local officials. But the name of William Clinger, R-Pa., a committee chairman, went on the bill, in keeping with congressional pecking orders. "Until you get to be a committee chairman you cannot expect to have your name out front. That's fine. That's the way it goes," Mr. Portman said.

Mr. Portman also has used his Ways and Means seat to get several tax proposals enacted, including an exemption from capital gains taxes on the sale of a primary residence.

Mr. DeWine has seen 13 of his own proposals become law, many of them related to social issues, especially those involving family and child welfare.

The Cincinnati Enquirer, February 22, 1998

A new federal foster care bill recently signed into law by President Clinton included a DeWine provision that the safety and welfare of the child be paramount in decisions about family reunification.

Mr. DeWine has also successfully pushed provisions that would direct more federal research dollars toward pediatric issues and improve child-support data for states.

Mr. Boehner hasn't had time to work on many personal legislative interests in the three years he has been a GOP leader, Mr. Schnittger says. But to look at the big items that have passed is to see Mr. Boehner's legislative record as well, his staff contends. Mr. Boehner has taken a role in some lesser- known bills as well, including a revision of federal farm programs and subsidies.

While Mr. Chabot doesn't have as many things enacted as some of his Tristate colleagues, he has gained a reputation for measures he has opposed.

Mr. Chabot gained notoriety in 1996 for fighting a provision that would have required employers to check with the federal government before hiring employees. He called it "1-800-Big Brother." He also successfully fought to change an anti-terrorism bill that included provisions for warrantless wiretaps. Mr. Chabot's outspokenness earned him "Rookie of the Year" honors from the conservative Weekly Standard.

Mr. McConnell has seen five measures that he has actively worked on become law, including the same farm reform bill that Mr. Boehner worked on.

Another of his measures made expenses for long-term care tax deductible. He also worked to pass a tax-free savings plan for higher education.

An additional ingredient of a lawmaker's record is the number of bills he has cosponsored that become law. On this count, Mr. Bunning and Mr. Boehner lead with 19, followed by Mr. Chabot with 17, Mr. DeWine with 16, Mr. Portman with 15 and Mr. McConnell with 10.

Those totals reflect some padding, however, as many of the bills cosponsored are simple commemorations or medals given to famous figures. But the list also includes many substantive items, such as line-item veto authority for the president and a bar on using federal funds for assisted suicide.

Legislative scorecard

Rep. Steve Chabot, R-Cincinnati

Bills authored: 13

Own bills that have become law: 0

Proposals in other bills that have become law: 4

Authorization for counties and cities to split federal crime-fighting funds

Protect civil liberties in anti-terrorism measures

Ban federal funds to support weight-training for federal prisoners

Expansion of death penalty to protect U.S. customs agents

Bills cosponsored that have become law: 17

Increased sanctions against Cuba

Define and protect the institution of marriage

Enhanced penalties for sex crimes against children

Pending

Allowing television in federal courts

Cutting corporate welfare

Sen. Mitch McConnell, R-Ky.

Bills authored: 94

Own bills that have become law: 0

Proposals in other bills that have become law: 5

Protection for members of volunteer organizations from liability lawsuits

Long-term care enhancement, including tax deductions for expenses

Tax write-offs for horse owners

Revamping agricultural subsidies

Tax-free savings for higher education

Bills cosponsored that have become law: 10

Line item veto for president

Nationwide tracking of sexual predators

Protecting cities and states from unfunded mandates

Pending

Repeal of federal affirmative action programs

Overhaul motor vehicle insurance

Sen. Mike DeWine, R-Ohio

Bills authored: 74

Own bills that have become law: None

Proposals in other bills that have become law: 13

Requiring child health and welfare to be paramount in family reunification

Local crime technology assistance

Improve child-support data for states

Welfare reform rainy day fund for states

Incentives for states to help people avoid welfare

Incentives for communities to close unsafe rail crossings

More federal research emphasis on pediatric issues

Increased funding emphasis on training primary care doctors

Prohibit funding of abortion under government health plans

Requirment for better dosage labeling for children's medicine

U.S. conditions on foreign aid to Haiti

Drug-free communities iniative

Restoration of assistance for legal immigrants

Bills cosponsored that have become law: 16

Relocate U.S. embassy in Israel to Jerusalem

Prevent illegal making and use of methamphetamines

Pending

Reform of federal job training programs

Juvenile justice reform

Strengthening drunk-driving laws

Underground Railroad commemoration

Rob Portman, R-Terrace Park

Bills authored: 17

Own bills that have become law: 1 (Community Anti-Drug Initiative)

Proposals in other bills that have become law: 4

Relief from unfunded federal mandates

Exemption from capital gain tax on sale of primary residence

Pension simplification

Public pension reform

Bills cosponsored that have become law: 15

Capital gains tax cut

Preventing unauthorized inspection of tax returns

1995 amendments to Clean Air Act

Improved portability of health care

Pending

IRS reform

Protection of tropical rain forests

Underground Railroad commemoration

Rep. Jim Bunning, R-Southgate

Bills authored: 23

Own bills that have become law: 1 (Providing for tax-free pay for troops serving in Bosnia)

Proposals in other bills that have become law: 10

Raising outside earnings limit for Social Security recipients

Tax relief for students in prepaid tuition programs

Tax relief for student loan interest payments

Home office tax deduction expansion, simplification

Allow terminally ill to cash in life insurance policies

Tax credits for long-term health care

Promotion of transracial adoption; adoption tax credits

Reimburse Social Security for workers who do union activities

Bills cosponsored that have become law: 19

Line-item veto

Restricting use of federal funds for assisted suicide

Defining the institution of marriage

Pending

Future of Social Security

Strengthen Social Security Disability Insurance program

Expansion of prepaid college tuition

Rep. John Boehner, R-West Chester

Bills authored: 19

Own bills that have become law: 0

Proposals in other bills that have become law: 3

Revamping agricultural programs

Letting volunteer groups bid for surplus federal property

Letting students consolidate loans through private sector

Bills Cosponsored That Have Become Law: 19

Community anti-drug initiative

Restricting use of federal funds for assisted suicide

Tax Relief for troops in Bosnia

Pending

Returning expected budget surpluses to taxpayers

Financial services modernization

TYPE: Biography

LOAD-DATE: March 4, 1998

73RD STORY of Level 1 printed in FULL format.

National Journal's CongressDaily

February 11, 1998 10:31 am Eastern Time

EDITION-1: am

SECTION: HEALTH

LENGTH: 445 words

HEADLINE: GOP Leadership Crafting Alternative Childcare Plan

BODY:

Members of the Senate GOP leadership have backed off plans to introduce a package of childcare initiatives, mostly tax cuts, until they find out how much money they will have for those cuts in the context of the budget resolution, aides said Tuesday.

Leadership sources earlier this year said they were working to develop a childcare package to counter President Clinton's plan, which they argue relies too much on federal programs.

Just after the president announced his plan, Senate Environment and Public Works Chairman Chafee, Judiciary Chairman Hatch and other GOP senators unveiled a package of childcare initiatives as an alternative to the unannounced GOP leadership package.

But because the leadership, led by Senate Republican Policy Committee Chairman Larry Craig of Idaho, wants to focus on childcare tax cuts, deductions and other incentives, aides said they need to wait for the budget resolution to find out how much money is available for a childcare initiative.

Senate Labor and Human Resources Children and Families Subcommittee Chairman Dan Coats, R-Ind., also is heading up the leadership's efforts.

How much money the budget resolution allows for childcare will determine which tax breaks Craig and Coats can choose for the package, aides said.

At least a dozen tax incentives are under consideration, including a childcare expense deduction or exemption, raising the per child tax credit for children under ages five or six, deductions for those working at offices in their home, and tax incentives for businesses to set up on-site child care.

Also, conservatives are putting pressure on Republicans to give families that care for children at home some type of childcare benefit.

One option being considered is "income splitting" in which the working parent's income level would be divided between two people on a tax return, reducing their overall tax rate. Aides said that option is very expensive.

Chafee's childcare plan, which also contains some tax breaks, would cost $12 billion to $14 billion over five years, of which $5 billion is to expand childcare development block grants.

Clinton's plan would cost $21.7 billion over five years, while a plan being developed by Sen. Christopher Dodd, D-Conn., would cost even more.

The GOP leadership has appointed Republican Conference Vice Chairwoman Jennifer Dunn of Washington and Conference Secretary Deborah Pryce of Ohio to develop a Republican childcare plan for the House.

The House today will take up a resolution on the floor stating that part of any new childcare proposal should be directed toward children raised by a stay-at-home parent.

LANGUAGE: ENGLISH

LOAD-DATE: February 11, 1998

82ND STORY of Level 1 printed in FULL format.

The Salt Lake Tribune

January 31, 1998, Saturday

SECTION: Utah; Pg. B1

LENGTH: 626 words

HEADLINE: Dole Wants More Child-Care Options; Dole Wants More Child-Care

BYLINE: LISA CARRICABURU THE SALT LAKE TRIBUNE

BODY:

Politicians exploring ways to ease working parents' child-care worries should not limit proposed solutions to those that apply only to women who work outside the home, American Red Cross President Elizabeth Dole said Friday.

The most effective forms of assistance may be those that hit closest to home, Dole said in an interview following a brief Salt Lake City appearance at Sen. Bob Bennett's first conference for women entrepreneurs.

Politicians and other government officials should consider ways to assist the rising reservoir of women entrepreneurs who balance babies and business from home, Dole said. "Increasing tax deductions for home offices is a good place to start."

She added they also should pursue tax cuts and other forms of tax relief for families to eliminate all-too-common instances where women would not have to work if their families' tax burdens weren't so high.

"We need to reach a point where women are able to remain in the home if they so choose," Dole said.

Her comments came as President Clinton and Republicans debate solutions to the nation's child-care crisis. Delivered with conviction, they carried the assuredness of an aspiring politician.

But Dole, a Harvard University-educated attorney who served in the Cabinets of Republican Presidents Reagan and Bush, insisted she has no plans to run for president in 2000.

"I'm already president . . . of the American Red Cross," she said. "I consider my current job my mission."

Child care was just one issue that came up at the daylong conference during which businesswomen also discussed legal, financial and technological challenges they confront.

But it was an issue about which another high-profile speaker also saw fit to comment.

Utah Atty. Gen. Jan Graham showed up for Dole's address with her 5-year-old son Willie in tow, explaining child-care plans for the day had fallen through.

She used the forum to call for more attention to child-care concerns in Utah, where she said the issue too often is viewed as "a socialist plot against the family."

"Child care has to be a component in making the workplace a good place for moms," Graham said.

Both she and Dole spoke of how crucial it is for women to have support from government and business that enables them to have choices.

"It's important to remember that helping others on the path to success does not mean defining success for them," Dole said.

She said some people balked when she decided to take a yearlong leave of absence from her Red Cross post to campaign for husband Bob Dole, who unsuccessfully challenged Clinton in the 1996 election. She nonetheless chose to support her husband, not because she had to but because she wanted to.

"I also planned to return to the presidency of the Red Cross, regardless of the outcome of the election. If Bob had won, I guess that would have made me the first first lady working outside the White House," Dole said. "And isn't that what we women have been fighting for all these years -- the freedom to pursue the lives we choose?"

She urged women to find something that infuses them with passion, whether it be working as a businesswoman, a volunteer or a mother.

"No one can tell you how you will define success. That's a decision we must make for ourselves."

Dole called for "a new fairy tale about a young girl who isn't a princess," but a woman who sees there are things that need to be changed to make life better for herself and others.

"A woman who's not a victim of life or circumstances, and who doesn't need a rescuer. A woman who believes in herself and knows she can succeed, and can pass that success on to others," she said. "We need a tale about a woman who motivates, inspires, manages and builds."

GRAPHIC: Danny La/The Salt Lake Tribune

Elizabeth Dole greets women at a conference at the Little America Hotel in Salt Lake City, where she spoke Friday.

LOAD-DATE: January 31, 1998

124TH STORY of Level 1 printed in FULL format.

The Tennessean

November 2, 1997, Sunday CITY EDITION

SECTION: BUSINESS, Pg. 1E

LENGTH: 657 words

HEADLINE: LOBBY BROADCASTS SMALL VOICES IN WASHINGTON

BYLINE: LISA BENAVIDES STAFF WRITER

BODY:

It's a long way from the Thompson Lane ornamental-iron plant of Herndon & Merry Inc. to the ear of influential congressmen in Washington, D.C.

Yet when Speaker of the House Newt Gingrich, R-Ga., and Senate Republican leader Trent Lott, R-Miss., gathered earlier this month to discuss abolishing the federal tax code, Bill Merry Jr., president of Herndon & Merry, felt he was there.

Speaking for him were lobbyists with the National Federation of Independent Business, the Nashville-based non-profit with more than 600,000 small business members.

"I don't have the opportunity to go up to Washington 20 times a year, but I feel these guys do a good job," Merry said.

Merry is one of about 4,000 business owners in Tennessee with petitions on their counters to abolish the IRS tax code, which they feel is too complex and confusing for small business owners. The national goal is to collect a million signatures by June.

The tax code is the latest and most visible issue taken up by the 54-year-old NFIB, which has been headquartered in Nashville for six years.

"When you're in a small business, you're busting your butt every day and just trying to survive," said Jesse Mayo Jr., owner of Office Furniture & Related Services. "So we don't even know when these issues that affect us are coming up to be voted on."

Every other month, Mayo and all NFIB members receive a ballot asking their position on five federal issues. Recent questions included whether business activities of non-profit organizations should be tax-exempt and whether products bought on the Internet should be subject to sales tax.

"They really represent us, the small businesses," said Mayo, whose 15-year-old furniture remanufacturing company has about 60 employees and annual revenue of $ 4 million to $ 5 million. "I'm extremely interested, but I'm also very busy."

About 17% of members reply to each of the ballots, which present the pros and cons of each issue. When at least 60% of voting members support a position, NFIB adds that issue to its lobbying agenda.

"Where they differ from a group like the chamber of commerce is all their decisions are based on the questionnaires," Merry said. "In 99 Market swings uncover glitch for on-line brokers

out of 100 times, the majority of NFIB polled vote the same way I do, so I feel they're lobbying for my interests." Additionally, the 10,000 Tennessee NFIB members receive a ballot on state issues once a year. Charles Fentress, state director, uses those responses to guide his lobbying at the state house.

To ensure all members have an equal say, NFIB accepts no more than $ 1,000 each year from any small business. Minimum dues are $ 100 annually.

"We can't outspend organized labor," said Fentress, who's held the state director post for six years. "We're trying to raise awareness that small business is a big part of American business and get those voices heard."

Most people don't realize that nearly 90% of all U.S. businesses have fewer than 20 employees, Fentress said. And small businesses provide nearly 60% of all private-sector jobs in America.

NFIB started in 1943 in San Mateo, Calif., but moved to Nashville when it was decided the headquarters needed to be more centrally located. NFIB's federal relations division is in Washington, D.C., but about 150 administrative employees are on Century Boulevard.

Among the issues NFIB has lobbied for that have been resolved on the side of small business owners in recent years are simplifying the rules for home office deductions, cutting capital gains taxes, raising the deduction of health insurance allowed for the self-employed and helping pass an employer immunity bill in the state legislature, to protect employers from defamation lawsuits in giving employee references.

Nationally, it last received visibility with its stance against the health insurance mandates in Clinton's health-care reform proposal.

GRAPHIC: PHOTO: Bill Merry Jr. stands at the entranceway to Herndon and Merry Inc., a family-owned, high-end ornamental ironworks company. Merry and other business owners are circulating a petition to abolish the present tax code by 2000. PHOTO BY D. PATRICK HARDING

LOAD-DATE: November 6, 1997

181ST STORY of Level 1 printed in FULL format.

THE DALLAS MORNING NEWS

July 30, 1997, Wednesday, HOME FINAL EDITION

SECTION: BUSINESS; Pg. 1D

LENGTH: 1409 words

HEADLINE: Plan to provide relief in capital gains rules, allowances for IRAs

BYLINE: Richard A. Oppel Jr., Staff Writer of The Dallas Morning News

BODY:

Worried that selling your home might trigger a big tax bill?

Made a lot of money in the stock market but don't know when to cash out? Thinking about starting a small business?

Now your decision may be easier.

Under the balanced-budget deal expected to win approval in Congress this week, people who face large tax bills for profits from selling a home or investing in stocks won't have to fork over nearly as much. Meanwhile, it will become easier to invest for retirement or start a small business.

Even if you don't have a lot of money in stocks or bonds, the budget deal could mean a difference of more than $ 10,000 for many families.

The changes are part of an agreement reached late Monday between President Clinton and congressional leaders that is supposed to balance the budget by 2002.

While supporters hail a balanced budget as a worthy economic prize by itself, the deal also contains more than $ 90 billion in net tax cuts and other provisions with a broad effect on Americans' lives, experts say.

They cite three areas in particular: lowering capital gains taxes, giving breaks to small-business owners and the self-employed, and making it more advantageous to invest in individual retirement accounts.

The plan is the most significant tax package since 1986 and"will affect a large portion of the population," said Alan Goldfarb, a certified financial planner and principal with Financial Strategies Advisory Corp. in Dallas. "It's going to be good for the economy and the majority of investors."

The deal's tax provisions are so sweeping that profits from a house or long-term stock investment need not be massive to yield the seller a five-figure tax savings. A home-sale profit as small as $ 40,000 - which wouldn't be unusual for many Dallas-area homes owned for 15 or 20 years - would generate a tax savings of about $ 10,000.

And the budget agreement would let most parents slice $ 500 off their annual tax bills for each child by 1999, allocate billions of dollars more for children's health care coverage and cut taxes as much as $ 1,500 a year for most parents with kids in college.

For investors, the biggest change will come from a rewrite of the capital gains tax code - the taxes that must be paid on profits made on selling stocks, bonds and other investments.

Under the agreement, profits from such investments will now be taxed at a top rate of 20 percent instead of 28 percent, assuming the investment was held for at least 18 months. For assets bought after the year 2000 and held for at least five years, the top rate drops to 18 percent.

Married couples with total income of less than $ 41,200 will have to pay only a 10 percent capital gains tax - or 8 percent for investments held more than five years.

The new capital gains rates would apply to profits taken by selling assets after this past May 6. However, profits on assets held less than the required time would still be taxed at the investor's current marginal tax rate, which can be almost 40 percent.

For example, let's say a woman who makes $ 60,000 a year buys 1,000 shares of Southwest Airlines Co. stock at $ 28 per share. Two years from now, she sells at $ 45 per share, giving her a pretax profit of $ 17,000. Currently, she would have to pay $ 4,760 in taxes; under the proposed law, she would pay $ 3,400.

On average, individual investors tend to hold shares of stock for about 18 months, the minimum to qualify for the new tax treatment, said James Cloonan, chairman of the American Association of Individual Investors, which has 175,000 members.

The new law "could have an immediate impact," Mr. Cloonan said.

Wall Street's recent rally, Mr. Cloonan noted, has been led by blue chip stocks, which sell at a premium. With less of a penalty for selling, he said, "I would think many people might decide to take profits from those stocks and move their money into smaller-company stocks that haven't moved up so rapidly."

People who invest in the stock market through IRAs also could see benefits. IRAs allow investors with jobs to sock away $ 2,000 per year in stocks, mutual funds or other investments in accounts that grow tax-free until withdrawals begin around age 60.

The accord would expand the number of Americans allowed to fully deduct their IRA contributions from their taxable income.

Those deductions are prohibited for anyone covered by another retirement plan, such as a 401(k) account, unless annual income is less than $ 25,000 for single filers and $ 40,000 for couples. With the new law, congressional aides said, those limits will double over the next seven years.

Under a new type of IRA plan, withdrawals could be entirely tax-free if certain conditions are met, though contributions wouldn't be tax-deductible. Also, early withdrawals could be made from IRAs to pay for the purchase of a first home. Currently, early withdrawals are penalized.

Stock market investors aren't the only ones who would benefit from changes to the capital gains tax code. Many families could realize a far more important benefit from the legislation's treatment of profits made from selling a home.

Under current law, if you sell your home at a profit, you have two years to buy another home of equal or greater value. Otherwise you pay a tax on the profit. One exception: People 55 or older can take a one-time deduction of as much as $ 125,000.

"I think some people have felt they are sort of frozen in their houses" because they know they would pay taxes if they sold, said Bob Rywick, executive editor of the RIA Group, a leading publisher of tax services and reference books in New York City.

But the budget deal would virtually eliminate such situations, congressional aides said, by making nearly all home sales tax-free.

The new law would shield from taxes the first $ 500,000 in profit that couples make from selling a home. A single tax filer would be allowed as much as $ 250,000 in profit. This deduction could be used once every two years and would apply to primary residences sold after last May 6.

Take, for instance, a couple in their late 40s who move to Dallas from San Francisco about the same time their children enter college. The four-bedroom home they bought years ago in California for $ 100,000 now sells for $ 400,000.

Under current law, they would have to pay more than $ 80,000 in federal taxes to cover the profit on selling their home - unless they wanted to pay more than $ 400,000 for a home in Dallas. With the proposed tax package, however, they don't have to pay any federal taxes.

The change could spur middle-age couples with grown children to sell their homes and buy smaller ones instead of waiting until they turn 55 to take the one-time deduction, said Bill Wigginton, owner of Wigginton Mortgage Co., a mortgage broker in Dallas.

"I can't tell you how often I hear that. It's a tremendous planning vehicle for a lot of people who say, 'When I turn 55, I'm going to sell the house and move.' This kind of throws that out the window," he said.

During the last 20 years, a number of homes in Dallas have risen in value from $ 30,000 to several hundred thousand dollars, said Ebby Halliday, chairman and founder of Ebby Halliday Realtors.

"With the market as high as it is today, it would make it almost impossible for someone who bought a house 20 years ago ... to sell now unless they got this tax" break, Ms. Halliday said.Small-business owners also would see substantial benefits under the plan.

Currently, self-employed workers can only deduct from their taxable income 40 percent of their health insurance costs, which often total $ 3,000 to $ 4,000 annually. But with the new law, they would be able to deduct that expense in increasing amounts through the year 2006, after which it would become 100 percent tax-deductible.

"Health insurance continues to be the No. 1 financial burden of small business," said Robert Howden, state director of the National Federation of Independent Business. This change, he said, will help give self-employed business owners an"even playing field" against larger companies that can deduct all their health insurance costs.

The proposal also would reinstate tax deductions for the expense of operating a home office and boost the estate-tax exemption on family-owned farms and businesses to $ 1.3 million, making it easier, Mr. Howden said, for people to"pass their businesses on to their children."

GRAPHIC: CHART(S): (DMN) Budget Deal Highlights.

LANGUAGE: ENGLISH

LOAD-DATE: August 30, 1997

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