

About 45 percent of the elderly had less than \$5,000 of adjusted gross income but enough to have been taxable and they received about 50 percent of the tax saving;

The remaining 15 percent of the population had adjusted gross income over \$5,000 and received the other half of the \$2.3 billion in benefits.

It may be that this was the distribution of aid that was intended, but it does not accord with the usual emphasis on helping those with less than prescribed levels of income. Further, in the context of limited resources, more aid to one group means less aid to another.

A first step would seem to be the resolution of the questions raised by the subcommittee regarding the goals of income for the aged. Once this is done, tax favor may be considered as a form of implementation; but the disadvantages such as the shotgun nature of the device, its failure to benefit those who are not taxable, the complexity tax favor adds to the code, the uncertainty as to cost, the departure from the equal treatment of persons with equal incomes, and the usual distribution of benefits in direct proportion to income should all be considered before tax preference is adopted as the way to achieve the ends.

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