



Talk of tax changes as federal income tax turns 100 years old.

By: John McQuiston – March 29, 2013

As Congress considers changes to the tax code, House member Vern Buchanan (R-Longboat Key) hosted a panel discussion about taxes in Sarasota.

Buchanan says that the 73,000 pages in the U.S. tax code cause a damaging burden on people and businesses just because of the sheer number of rules. The House Ways and Means Committee, on which Buchanan sits, is reviewing the current federal income tax law.

“We're going to do everything we can to pursue that because it's the best thing to create more jobs not just in this area, but in the country.”

Panelists included an advocate for a flat tax. Dan Mitchell, a senior fellow at the Cato Institute says a flat tax would simplify filing tax returns. Critics say it would remove a tax burden on the wealthy at the expense of those who make less.

Neal Boortz argued that we should get rid of income taxes entirely, and replace them with a consumption tax. We'd pay a roughly 22% sales tax on everything we buy, but we'd keep at least that much more of what we made in the first place. Both ideas have been around, but but supporters say they've gained momentum from frustration with the current system. “It's going to be an uphill battle,” Mitchell says, “but we actually locked in the sequester savings as part of the spending bill that was just passed, so sometimes good things can happen.”

But major change worried one member of the panel, even though she agreed that the current system needs fixing. “It's much more realistic to repair and improve that than it is to totally go to another system,” says Susan Nilon, General Manager of WSRQ Radio.

Many people in the audience who submitted questions wanted to know: with the current atmosphere in Washington, how can anything significant get done? Buchanan says that tax reform and changes in entitlements are linked. President Obama has said he'd consider changes in medicare and social security, if Republicans agree to raise tax revenue.

“If you close some loopholes, you'll get more revenue,” Buchanan says, “so I think there's a real opportunity. We've got big corporations (that) get a lot of exemptions, that clearly needs to be looked at. Big oil, GE, everybody needs to pay their fair share.”

While that's not the same as raising tax rates, that's a shift for Republicans, who have worked to protect tax breaks for oil companies.

Buchanan says the timing of the forum – about two weeks before tax day – is fitting. It also happens that the 16th amendment to the U.S. Constitution, which allows the federal government to collect income taxes, was ratified 100 years ago now.