



## **Fairtax proposal offers simple concept, pluses**

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I am writing today about the income tax that we all know and hate.

First, a little history. The Constitution as originally written did not permit a tax on income and we funded our government by other means until the 16th amendment was passed in 1913, except for a short period during the Civil War and a few years following.

The founders, in their wisdom, knew that giving the federal government the power to tax income would open the floodgates for the government to begin amassing power, and so it has.

The income tax is a prominent plank in the "Communist Manifesto," written by Karl Marx and Friedrich Engels. The writers of that document knew how an income tax could be and is now used to effect social change.

The income tax is rife with special interest loopholes and exemptions for the politically connected and gives to the IRS the power to confiscate anyone's property, including your bank accounts and real property.

The income tax is now used as a means of income redistribution as much as it is to fund necessary government operations.

We are now at the point where approximately 50 percent of the people do pay income tax. Scottish advocate, judge, historian and writer Alexander Tytler wrote in the early 1800s, "Democracy can only exist until the voters discover that they can vote themselves largesse from the public treasury. From that moment on, the majority votes for the candidates promising the most benefits."

We are now at the tipping point when the soon-to-be majority of non-taxpayers can vote to increase the tax rate to a level that will fund government largesse to their benefit and those being taxed will suffer the consequences.

In addition to this type of taxation being repugnant to our liberties, it is grossly inefficient. Individuals and businesses spend in excess of \$400 billion annually on tax preparation and compliance.

In addition, the underground economy, now estimated to exceed \$1 trillion, is not taxed.

There is a far more simple and equitable system that should be adopted and that is the bill, HR-25 titled the "fairtax." The fairtax is a national retail sales tax that would fund government at the current level and would replace and end all taxes on income, including both personal and corporate income tax, Social Security and Medicare taxes, alternative minimum tax and the estate tax.

This tax would be levied on all goods and services for personal consumption.

Everything would be taxed only once, when it was sold as a new item. So if you buy a used car, there is no tax on it. A previously occupied house is not taxed nor are any of the other numerous items that can be purchased used, if you choose to live economically and save money.

Again, the tax would only be on new goods and services for you and your family's personal consumption, so there would be no tax on business expenditures. Businesses could be run on the sound principles of best business practices and not by asking the question, how will this decision affect my tax return?

All economists agree that businesses, in effect, do not pay taxes, but merely act as the collecting agent by passing the cost of those taxes on to consumers in the price of their product or service.

In addition, according to a recent Tax Foundation study, "The 'deadweight' costs, or excess burden, of the current individual income tax is not inconsequential, amounting to roughly 11 to 15 percent of total income tax revenues.

"This means that in the course of raising roughly \$1 trillion in revenue through the individual income tax, an additional burden of \$110 to \$150 billion is imposed on taxpayers and the economy."

That is money that would remain in taxpayers' pockets if the fairtax was passed.

Economists from institutions such as Harvard, MIT, Cato Institute, and Boston University, and others, who researched this tax proposal, agreed that under the fairtax, our economy would grow at a much faster rate than under our current income tax.

The president's stimulus bill pumped nearly \$1 trillion of borrowed money into the economy, money that we will be paying interest on indefinitely.

Research shows that there is approximately \$13 trillion U.S. dollars sitting offshore. When asked what would happen to that money if the fairtax was passed, former Federal Reserve Chairman Allen Greenspan said much of that money would come back to the U.S. in the first year, private capital that does not entail interest charges on government borrowing.

In summation, the fairtax is simple in concept, simple and easy to comply with, grows the economy at a much faster rate, raises the same amount of revenue, eliminates the IRS and its intrusions on our liberties, makes U.S. goods much more competitive on the world market and encourages capital formation, the lifeblood of business creation and expansion.

I recommend everyone read the book, "The Fairtax Book" by former Congressman John Linder and talk radio host Neal Boortz. I have copies of that book available and can be reached at 417-321-0909.