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Cain's 9-9-9 Plan Popular Among Republicans, But Buyer Beware?

By Guy Benson

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Ahead of tonight's economy-focused debate at Dartmouth College (I'm in New Hampshire and will lead Townhall's coverage later these evening), Rasmussen has released a poll showing fairly strong support among the Republican primary electorate for Herman Cain's oft-referenced "[9-9-9](#)" tax plan. [Fifty-six percent](#) of GOP respondents said they approve of the proposal, although many fear Congress could quickly raise any or all of the three taxes. Cain has experienced a dramatic surge in national polls, pulling into [second place overall](#) among primary voters -- barely behind Mitt Romney. Moderators and rivals alike may begin to focus more on Cain's tax plan now that he's established himself as a first-tier candidate. Kim Jacobs Walker [worries](#) that the idea could ultimately be bad for business, and Bloomberg News -- a co-sponsor of tonight's debate -- surveys a number of tax policy analysts who are [skeptical of the math](#) behind 9-9-9:

Following the broad contours of Cain's plan, the federal government would have collected almost \$2 trillion in 2010, according to a Bloomberg News calculation based on data from the Commerce Department's Bureau of Economic Analysis. The government actually collected almost \$2.2 trillion that year, according to the White House Office of Management and Budget. **Tax policy experts say Cain's plan is unrealistic because it presumes that no deductions and exemptions will be permitted, no matter how popular.** "Either Herman Cain is the tax messiah or is proposing a system that has no correspondence to real-world tax systems," said Edward Kleinbard, a former chief of staff to the congressional Joint Committee on Taxation. He is now a professor at the University of Southern California Gould School of Law.

Cain's proposal is worded in a way that suggests nothing -- food, housing or clothing -- would be exempt from the national sales tax. It is unlikely that Congress would endorse such a broad-based consumption tax, and even if it did, consumers might change their buying habits. That could reduce consumption and would then lower revenue from the national sales tax.

If lawmakers were to exempt everyday items such as food and clothing and provide a rebate to low-income individuals to offset the regressive nature of the sales tax, the plan would generate much less revenue, said David Kautter, managing director of the Kogod Tax Center at American University in Washington. With the information available, it's almost impossible

to develop a precise revenue estimate, he said. "The revenue estimate is largely dependent on the rate and what's subject to tax," Kautter said. **"When you pull out housing, clothing and food, the amount you raise drops by a lot."**

If you don't exempt basic staples, the sales tax could amount to a major tax hike on the working poor and middle class -- an obviously problematic outcome. It's not just liberal and centrist policy wonks asking questions -- even some conservative-leaning experts have concerns:

There are plenty of questions remaining about the details of Cain's proposals. **Chris Edwards, the director of tax policy studies at the Cato Institute, a Washington organization that advocates for limited government, said some of the business provisions were "odd."** The shift to taxing gross income instead of net income would mean that some business expenses, such as wages, could no longer be deducted, Edwards said. He questioned the benefit of such a move when Cain's plan would also protect businesses from paying taxes on dividends. "The business base would be much broader because businesses don't get a wage deduction, but then it would be narrower because they get to deduct dividends paid to shareholders," Edwards said. "That's a significantly different base." ... **Cain's campaign hasn't produced specific revenue estimates for its proposal and didn't respond to requests for comment.**

At some point in the very near future, "specific revenue estimates" and in-depth explanations are going to be necessary. Cain will also have to offer a more thorough explanation of why adding a new national tax doesn't offer yet another juicy target for future Congresses and presidents to raise on the American people -- especially since national sales taxes tend to creep upward virtually everywhere they're introduced. Here's Chris Wallace posing that exact challenge to Cain in the Orlando debate:

In the clip, Cain vaguely waves off Wallace's hypothetical (based on a fear shared by guys like [Grover Norquist](#)) before launching into a general defense of his proposal. Cain is a dynamic and likeable presence to be sure, but these questions merit detailed answers. We'll see if we hear some later this evening.

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