

PRESIDENT'S ADVISORY
BOARD
ON FEDERAL TAX REFORM 4906 Powell Rd.
Denair, CA 95316
2005 FEB 29 A 9 47 February 25, 2005

Dear Vice Chairman Breaux:

Regarding tax reform, one of the suggestions to your panel by President Bush was that a tax system should be more able to stimulate economic growth. However, a national sales tax, value added or any form of a consumption tax would severely slow economic growth. The reason this would happen is because people would have more of a tendency to spend less in order to pay fewer consumption taxes. Whereas, people would have less of a tendency to work less in order to pay fewer income taxes. In fact, I heard a lady on C-Span say that she hoped we would go on a national sales tax so she could pay fewer taxes by buying less. A consumption tax would also raise the tax burden on low and middle-income families because they would be forced to spend a higher percentage of their incomes on taxes. A national sales or consumption tax would be a recipe for a deep recession or depression because any form of it would place a large penalty on people purchasing goods and discourage spending. Any form of a consumption tax should be "off the table". However, having no taxes on savings would be a good idea if we didn't have such a large budget deficit and huge national debt.

The alternative Minimum Tax was a good idea but very poorly constructed and written so it has become very unfair. It should be drastically changed or eliminated. If this panel's only accomplishment would be to change or eliminate the Alternative Minimum Tax, it will accomplish very much. A flat tax would also be very unfair because it would shift a greater tax burden on low and middle-income people. It would also greatly lessen incentives for people to purchase their own homes, contribute to charities, produce energy etc. Our present progressive income tax is not only the best and fairest tax but does less to harm our economic growth than any other type of tax. However, it has accumulated a lot of unnecessary trash that needs to be cleaned up or streamlined. This panel should try to make sure that their suggestions should amount to REFORMING our tax system and not DEFORMING it. Any form of a consumption tax or a flat tax would certainly deform our tax system. Thank you for your time and consideration regarding these matters.

Respectfully yours,

Wendell Martin
Wendell Martin

To: Tax Reform Commission Members and Exec. Dir. BOARD. 2-24-2005
Re: President's Bush Committee for Tax Reform ON FEDERAL TAX REFORM

Subject: We Need Tax Reform Now

2005 FEB 29 A 9:48

0 The American taxpayer should be up in arms and madder than hell over the taxes he is paying? Only the Republicans have made any effort to do anything at all about this situation while the Democrats have only one mantra--"tax and spend".

0 Our taxes are at 50% of our income per year. We must work until about May 15 each year just to pay our taxes. Most families must have two members working to make ends meet, one to pay the taxes and the other to put bread on the table. In the 1950s and 60s one person, usually the man could easily provide the family needs and the wife could stay home to bring up the children, because the taxes were about 25% or less of the family income. Now, most of our "soccer moms" have to work!

0 Between the cities, county, state and federal governments, we are paying 50% in taxes and fees. Until this past year, there did not seem to be any interest on the part of the governments and the politicians to stop this climb in taxes. How far can this go before the taxpayers yell "uncle?" Can we live on 40% of our income, or 35%? The cost of living keeps going up as well as the taxes. The most telling is in groceries and utilities where the inflation is about 12% per year. **The American tax system is undermining and destroying American family life.**

0 The basic problem is that there is too much government and the politicians are hell bent to give us more instead of less so the taxes keep going up. The tax system is used to hand out perks to political supporters.

0 According to the IRS yearly report in the tax return 1040 booklet, the biggest burden of paying the taxes falls on the middle and upper middle class, where they pay 84% of the income collected by the government. Corporate income taxes are just 10%. The lower 50% of the taxpayers pay only 5% of the taxes. This lower group even gets "earned income credits", our taxes for people that do not pay taxes. This is extremely which is at the expense of other taxpayers. Someone has to pay for the perks. The corporations have the wealth to greatly influence the government as to what they must pay in taxes, and the poor have the left wing liberals giving them tax protection, so someone has to pay for the ever growing federal government and that is the middle, the minority, 40%, pays the majority of the taxes.

0 The Democrats are committed to this complex tax mess because they created it, and the Republicans make sounds like they want to make some changes but never quite make it happen until last year. Both of the parties really like the present system because they can hand out tax gifts to their supporters. These people can change our taxes at the slightest whim and without limit. The 16th amendment to the Constitution, the income tax, passed in 1913 allows them to do this to us!

0 If we are to stop this erosion of our income and basic freedoms, we must fight for less government and for reform of the present income tax code with a fairer flat tax applied to every aspect of the society. **There must be no exceptions! When everyone pays, everyone pays less!** Our goal must be for a total state and federal tax burden of 25% or less. Two reforms have been proposed. The proposed federal sales tax would have to be

in the 30% range and would be difficult to collect. Present flat tax proposals are too high--about 17%, require reporting to the IRS, and still allow deductions and exceptions.

0 THE flat tax must: eliminate the present tax code, have one low rate, have no tax reporting, need a supermajority to increase, have no deductions and no exceptions, and no tax on savings or capital gains and no credits for losses.

0 A flat tax proposal such as the following will be fair for all citizens:

- * A 3% or less federal tax on **GROSS** income.
- * No exceptions, and no deductions of any kind.
- * For fairness, everyone pays. Every business, every religious organization, every non-profit, everyone who receives a paycheck or a welfare check, or any income at all!
- * Deductions are made electronically by employers, no tax reporting.
- * Savings would not be taxed nor capital gains or losses reported for individuals. Our social security and retirement income would be tax free when received.
- * Businesses would report gross income through a CPA and send a check for 3% or less of gross income. No exceptions, no write-offs, no depreciation or government support. All income from non profits would be taxed at the same 3% or less of **GROSS**. No exceptions. Enron, the Sierra Club, the Catholic Church, and Farm Bureau are a few not presently paying taxes that come to mind and they would start paying taxes of 3% or less on their **GROSS** incomes.
- * The 3% could be raised only 1/4% during a two year Congress and only with a supermajority of both houses. 7% would be the highest rate ever.
- * Under this proposal. The rich pay more taxes than the poor as it should be **but everyone pays. When everyone pays, everyone pays less.** No social engineering with the tax code.
- * The flat tax is tax fairness for all the PEOPLE!

0 The states would have a similar flat tax program, say 2% with a maximum growth to 5% .

0 The remaining 10% or less of the proposed 25% tax budget would be for the fees, and county and city, property taxes, sales and utility taxes. The total of these could not exceed the 10%.

0 We need tax control NOW to stop the destruction of our families and the continued growth of government! If we don't get madder than hell now, we can be sure that we will be paying more taxes in the very near future. How little income can we live on? 40%, 30%.....? If we don't do something to turn this monster around, that is where it is going--they will take it all! And that is COMMUNISM!

Concerned Taxpayers, for the Initiatives for National Change(I.N.C.)

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