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The Presidents' Advisory Panel
On Federal Tax Reform
1440 New York Avenue N.W., Suite #2100
Washington, DC 20220

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM
2005 APR 29 P 3:24

I support the complete replacement of our current income tax system with the "Fair Tax" (H.R. 25/S. 25) (H.J. RES. 16).

I support Rep. Steve King's (H.J. RES. 16), which will repeal the 16th Amendment. The 16th Amendment is one of the worst things to have happened to the American people and the American economy. The 16th Amendment breeds inefficiency and corruption. The 16th Amendment benefits the ultra-wealthy and hurts everyone else. Repeal the 16th Amendment.

I support the "Fair Tax" National Sales Tax (H.R. 25/S. 25), sponsored by Rep. John Linder. When (H.R. 25/S. 25) replaces the 16th Amendment, the IRS tumor will be removed from the American body. When the IRS tumor is removed, businesses will operate efficiently, individuals will feel safe and secure, and the government will receive its revenue without having to pay 100,000 IRS employees.

The government doesn't cry when the large corporations, such as IBM, Goodyear, GM, and Ford lay-off tens of thousands of employees. The American people won't cry when the IRS employees have to find work elsewhere.

Iowa Rep. Steve King says it best: "The IRS is an out-of-date, trillion dollar drag on our economy. Instead of continuing to Band-Aid our complicated, leaking tax system year after year, we can choose a permanent solution and finally rid Americans of the fat leech they feed their paychecks to."

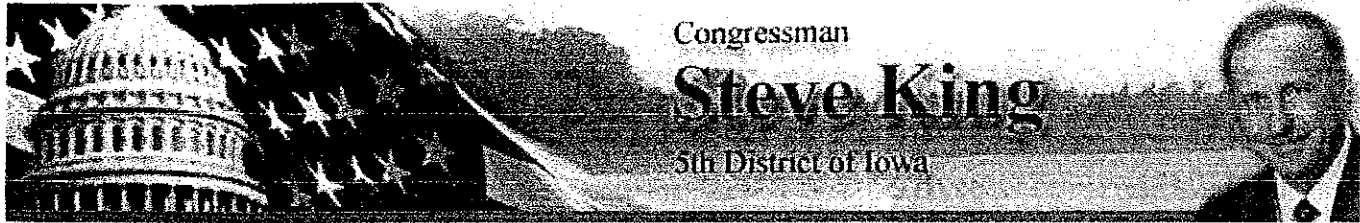
Please read the enclosed article by George Will, titled "A National Sales Tax", which perfectly expresses my support for Georgia Rep. John Linder's "Fair Tax" (H.R. 25/S. 25) and Iowa Rep. Steve King's, "Repeal the 16th Amendment" (H.J. RES. 16).

Sincerely,



Jon Allan Smetana
JAS:sr

Enclosures


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Representative Steve King
5th Congressional District of Iowa

FOR IMMEDIATE RELEASE
 February 2, 2005

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KING INTRODUCES RESOLUTION TO ELIMINATE IRS

King Bill to Repeal 16th Amendment to Constitution

Washington, D.C.—As W-2s arrive in mailboxes this week, U.S. Congressman Steve King has introduced a resolution to repeal the 16th Amendment to the Constitution, which gives Congress the authority to collect income taxes.

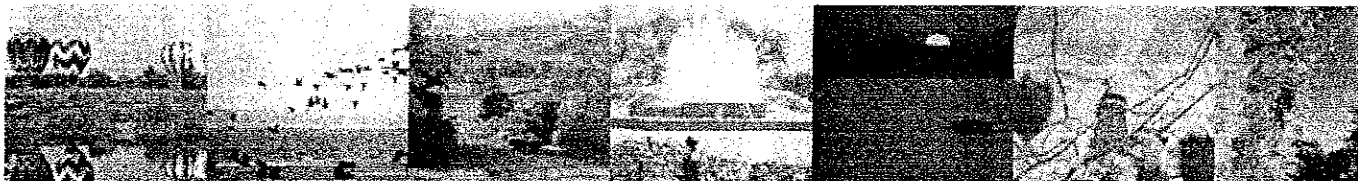
H.J. Res. 16 would eliminate the IRS and the means for the government to collect income taxes.

“The IRS is an out-of-date, trillion-dollar-a-year drag on our economy,” said King. “Instead of continuing to band-aid our complicated, leaking tax system year after year, we can choose a permanent solution and finally rid Americans of the fat leech they feed their paychecks to.”

King has been a long-time supporter of the FairTax, a national sales tax placed on goods and services, which would replace the income tax.

H.J. Res. 16 must be approved by two-thirds of both the House and Senate, and then sent to the states, where three-fourths must ratify the amendment.

For information on the FairTax, visit www.fairtax.org



This is an official site of U.S. House of Representatives

townhall.com

A national sales tax

George Will

March 31, 2005

WASHINGTON -- The power to tax involves, as Chief Justice John Marshall said, the power to destroy. So does the power of tax reform, which is one reason why Rep. John Linder, a Georgia Republican, has a 133-page bill to replace 55,000 pages of tax rules.

His bill would abolish the IRS and the many billions of tax forms it sends out and receives. He would erase the federal income tax system -- personal and corporate income taxes, the regressive payroll tax and self-employment tax, capital gains, gift and estate taxes, the alternative minimum tax and the earned income tax credit -- and replace all that with a 23 percent national sales tax on personal consumption. That would not only sensitize consumers to the cost of government with every purchase, it would destroy K Street.

"K Street" is shorthand for Washington's lawyer-lobbyist complex. It exists to continually complicate and defend the tax code, which is a cornucopia from which the political class pours benefits on constituencies. By replacing the income tax -- Linder had better repeal the 16th Amendment, to make sure the income tax stays gone -- everyone and all businesses would pay their taxes through economic choices, and K Street's intellectual capital, which consists of knowing how to game the tax code, would be radically depreciated.

Under his bill, he says, all goods, imported and domestic, would be treated equally at the checkout counter, and all taxpayers -- including upward of 50 million foreign visitors annually -- would pay "as much as they choose, when they choose, by how they choose to spend." And his bill untaxes the poor by including an advanced monthly rebate, for every household, equal to the sales tax on consumption of essential goods and services, as calculated by the government, up to the annually adjusted poverty level.

Today the percentage of taxpayers who rely on professional tax preparers is at an all-time high. The 67 percent of tax filers who do not itemize may think they avoid compliance costs, which include nagging uncertainty about whether one has properly complied with a tax code about the meaning of which experts differ. But *everyone* pays the cost of the tax system's vast drag on the economy.

Linder says Americans spend 7 billion hours a year filling out IRS forms and at least that much calculating the tax implications of business decisions. Economic growth suffers because corporate boards waste huge amounts of time on such calculations rather than making economically rational allocations of resources. Money saved on compliance costs would fund job creation.

Corporations do not pay payroll and income taxes and compliance costs, they collect them from consumers through prices. So the 23 percent consumption tax would allow taxpayers to stop paying the

huge embedded cost of corporate taxation. Linder says the director of the Congressional Budget Office told him it costs individuals and businesses about \$500 billion to remit \$2 trillion to Washington. And studies show that it costs the average small business \$724 to collect and remit \$100.

In 1945, corporations paid more than one-third of the government's revenues. Now they pay only 11 percent because corporations, especially multinationals, are voluntary taxpayers. In a world increasingly without borders that block capital movements, corporations pay where the burden is lowest. Linder says \$6 trillion in offshore accounts would have an incentive to come home under his plan.

Furthermore, by ending payroll and corporate taxes, America would become the only nation selling goods with no tax component -- such as Europe's value added tax -- in their prices. With no taxes on capital and labor, multinationals would, Linder thinks, stampede to locate here, which would be an incentive for other nations to emulate America. "This," Linder says, "would unleash freedom around the globe."

Critics argue that ending the income tax, with its deductibility of charitable contributions, would depress giving. Linder says: Piffle. In 1980, when the top personal income tax rate was 70 percent, a huge incentive for giving, individual charitable contributions were \$40.7 billion. In 1986 the top rate was reduced to 28 percent, and by 1988 charitable giving was \$86.7 billion. The lesson, says Linder, is that we give more money when we have more money.

When Speaker Dennis Hastert published a book last year, he was startled that interviewers were most interested in talking about Linder's bill, which then had 54 co-sponsors. This year Hastert added Linder to the Ways and Means Committee. Linder cheerfully says his bill would reduce Ways and Means to "a B committee" by ending the political fun of making the tax code ever more baroque for the benefit of K Street's clients. Bliss.

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