

MY TAX PLAN

BY:

WARREN GOEKE

DATE:

APRIL 26, 2005

ACKNOWLEDGEMENT

I dedicate this work to my dearly departed wife, Adelene Siah, who, through the grace of God, was a part of my life. She gave me the most wonderful gift anyone could ask for – a child. Her undying support for freedom and justice, along with her love of our almighty Creator, has renewed my fight against the existing tyranny represented in our own form of government. There has never been, in the history of this nation, a greater enemy to the Constitution of the United States than the government itself.

PREFACE

It is clear from a study of the formation of this nation that our founding fathers were deftly aware of the egregiousness that could emanate from government. It is evident throughout the Declaration of Independence, the Federalist Papers, and the Constitution of the United States.

In addressing the King of England, the Declaration of Independence speaks, not only to the King but, to all governments for all time. It clearly sets forth the concept “from time to time” in which people are impelled to take action against their form of government. It was never contemplated that the American Revolution would be a one time event.

Thomas Jefferson keenly observed and wrote in the Federalist Papers that the quiet step-by-step encroachment of government into the life of free people would eventually render the individual powerless against the government. He argued, unsuccessfully, to include the right of secession for the individual in the Constitution of the United States.

Our Constitution and Bill of Rights [Amendments 1 through 10] were clearly written in a manner to protect us from the government that was formed. The Constitution sets forth the purpose of government – to serve us. The right to keep and bear arms was instilled to give the people the means to overthrow the government when it became “time” again.

One could not objectively review our government today and conclude that its sole objective is to serve us. Our founding fathers in Boston heard the call to arms regarding a tea tax. What would they say today with the extent of government taxation? The question for our age is not if, but when, will the next American Revolution take place. Can we reform our government in time to prevent it?

Though many institutions of government need redress, the remainder of this work is concentrated on the tax system.

Chapter One

REPEAL THE SIXTEENTH AMENDMENT

Our founding fathers had it right! Our Constitution established that the federal government was to be funded by way of a tax on the states themselves or a direct tax on the people per capita. The concept of taxing one individual more than another depending on the amount of earnings is no where found in the Constitution until the passage of the Sixteenth Amendment in 1913. Hence, this nation existed longer without an income tax than it has with one.

The Sixteenth Amendment is basically two Amendments within one. Because the proposed income tax was unconstitutional due Article I, Section 2, paragraph 3 and Article I, Section 9, paragraph 4 thereof, it was necessary to the proponents of income tax to include language that would supersede said clauses. One might think that the exception of enumeration was only applicable to income taxes; however, many other taxes have been imposed without enumeration thereafter the Sixteenth Amendment, including Social Security Tax.

Since the government took the liberty to impose many other taxes without enumeration based upon the Sixteenth Amendment, hindsight tells us that it would have been wise to argue among the States the waiver of said tax-limiting clauses of the Constitution on their own merits prior to any passage of an income tax. It seems the desire for government funding blinded the public to the full ramifications of taking an exception to said tax-limiting clauses. We are paying the price for that ill-informed decision today.

Irrespective of the government's abuse of the tax-limiting clauses of the Constitution, the income tax itself has been extended far beyond its original mandate. The argument used to pass the income tax was that it would only affect the very wealthy. Hence, class warfare was born. Well, as one can see today, the very wealthy includes anyone with a job.

In addition, the Sixteenth Amendment spawned the collusion of state and federal government with respect to income tax. The Tenth Amendment clearly precludes joint jurisdiction over any power or authority granted to government. Many states contained income tax provisions in their respective state constitution. In passage of the Sixteenth Amendment, the federal government failed to preclude the states from taxing income. This grand conspiracy has now expanded to include many local jurisdictions, who tax income as well to feed their ever-growing bureaucracies. Such collusion has been expanded into other abuses, including education and revenue sharing.

Without question, our nation's experiment in changing the Constitution through the Sixteenth Amendment has been a complete failure.

Chapter Two

WHAT WILL NOT WORK

Absent the will to amend the Constitution of the United States to repeal the Sixteenth Amendment, we will still have to deal with the beast that we created. Various public officials have advocated changing to a Value Added Tax or a Flat Tax. Neither of these tax systems will serve to remedy the problems we have today.

First, the Value Added Tax is nothing more than a sales tax. It hurts those at the lower income levels the most. As it is, sales tax approaches 9% in many cities. If the cost of the federal government is dumped on the goods that we buy, we cease to buy goods. The Value Added Tax will simply give cause to form an underground economy where consumers will seek products that will be offered without the Value Added Tax. Since our economy is consumer driven, the effect of a vast underground economy will devastate legitimate businesses. Legitimate businesses will clamor for government crackdowns on the underground economy. This will result in the increased cost of law enforcement, which, in turn, will cause tax increases.

As was experienced with Prohibition, making criminals out of normally law-abiding citizens is counter-productive. The Value Added Tax will have the same effect.

The Flat Tax, though better than the Value Added Tax, is still a bad idea. At this time, most wealthy Americans pay a smaller percentage of their income in tax than do the middle class. The wealthy can afford the professional help to divert funds in such a way to avoid taxation. The middle class cannot afford this. The Flat Tax will not affect the rich. The Flat Tax will only transfer the burden from the middle class somewhat on poorer Americans. By placing more tax burden on the poor, the poor will have less money for themselves and will be looking to the government more for assistance. This will result in more dependency and higher taxes, which, in turn, will drive more into poverty.

The Flat Tax, as proposed without constraints on spending or taxation, will have a deleterious affect on our economy and tax proceeds.

Chapter Three

AN INDIVIDUAL TAX SYSTEM

Absent repeal of the Sixteenth Amendment to the United States Constitution, one should consider revising the tax system to bring equity and fairness back into the relationship of the citizens to their government. My Tax Plan suggests the following:

1. Cap the maximum income tax rate at 10%;
2. Redefine income to be the amount of money left over after expenses have been paid;
3. Repeal Social Security Tax;
4. Make it illegal for the government to tax property;
5. Make it illegal to tax sales for food, clothing, shelter, transportation, etc.
6. Enforce the Tenth Amendment and preclude the states and local government from taxing income;
7. Abolish the requirement that businesses act as tax collectors and enforcement officials for the government;

With respect to Item 1, we know from history that, when government reduces the tax rate, revenue to the government increases. When government increases the tax rate, revenue drops. Hence, we should find the tax level that maximizes revenue to government in the long run. We know that, if we drop the tax rate to 0%, government revenue will go to \$0 as well. Thus, the optimal rate is between the current rate and 0%. My Tax Plan suggests that the optimal maximum tax rate is 10%. At 10%, there is little incentive for the wealthy to hide their income from taxation. At 10%, the middle class has greater flexibility to invest, spend, and take care of their families. The poor would still not be subject to income taxation if they fail to earn sufficient income.

This 10% maximum tax applies to the total income tax contribution. Hence, if the Tenth Amendment is not enforced against the states to preclude state income taxation, the amount of state taxation would be deducted from the federal contribution. Likewise, any local income taxation would be deducted. This system would ensure that no more than 10% of income is ever paid in income tax. This capping of income taxation ensures American prosperity, voluntary compliance, and maximum government revenue.

With respect to Item 2, there is fundamental unfairness in the system. The one size fits all approach of the government income taxation does not work. A person making \$50k in Montana is a lot wealthier than a person making \$50k in New York City. Also, businesses only pay income tax on their net income. From earnings, the costs of operation are deducted prior to determining the income level from which taxes are assessed. The individual should have that same model. Income should only be assessed against the amount left over after paying for housing, clothing, food, transportation, schooling, etc. to take care of the family. It makes little sense, in a master-servant relationship, to have a servant when one cannot financially support the master and the

master's family. Likewise, it makes no sense to fund government when one doesn't have enough to take care of themselves and their families. If some one spends all of their earnings, the recipients of that spending would be subject to income taxation. The spender would pay nothing.

On a broader view, government is not entitled to any taxation unless government has performed in such a way to allow the individual to profit. If a servant does not contribute to a master's profit margin, then the master will let the servant go and look for a new servant.

With respect to Item 3, any citizen that starts and sponsors a pyramid scheme is arrested. Why would anyone think that it is a good idea for the government to start and sponsor a pyramid scheme? We are at the day and age to discover that the pyramid scheme started in the 1930's can't work. There is no saving of social security – only terminating it. The government should return all social security funds paid with interest, repeal the system, and get out of the medical service business. The social security tax is a dead weight on the American worker that is dragging them down and preventing them from attaining financial security.

With respect to Item 4, real property owners are merely slaves to the government today. If they don't pay property tax and all the ridiculous assessment taxes passed by local government, their property will be seized. Hence, the master loses the power to say 'NO' to the servant. It is most important that unencumbered ownership of real property be reestablished throughout the land.

With respect to Item 5, nothing is more offensive than a sales tax. The government does nothing of value that gives it the right to collect a fee based upon a transaction between two parties. The government acts like one is living the life of luxury when one eats at McDonalds or buys an item of clothing. Sales tax should be abolished.

With respect to Item 6, the Constitution protects us from such abuse. If the government is unwilling to enforce those protections that are in the best interests of the citizen v. the government, then the government is not entitled to any revenue from the citizen at all. The sole purpose of government is to serve us by protecting our constitutional rights.

With respect to Item 7, anyone thinking of starting a business has to first hire a lawyer, accountant, and personnel director before hiring one employee that will work at the production of the business. This is ridiculous. Small businesses are the fuel of our economy. Employers should not be the tax collectors for the government. We should encourage individuals to formulate new businesses. An employer should not be made to interfere with the relationship of a citizen to the government. By making individuals, and not businesses, pay taxes, the individual can determine if the government has performed all of the requirements set forth in the Constitution prior to making payment. This right to say 'NO' is fundamental to restoring the master-servant relationship. The individual should have this right without reprisal against the individual's earnings. If the

government disagrees with the citizen's position, the government has the right to prove its case in court.

These items will go a long way to reestablish the tax limiting and master-servant principles of the Constitution. Government should benefit in the long run as well.

Chapter Four

SOCIETAL IMPACT

The lesson we all should have learned by now is that the impact of having government provide a plethora of services, many that are not mandated or wanted, is that it will eventually bankrupt everyone. In fact, we are headed toward full socialism. Now, the forecast so-called 'tax independence day' is approximately May 8 for federal tax. If one adds in state and local tax, the tax independence day would be in June. If one considers that everything one purchases includes the taxes required of the companies and individuals that worked to produce the product, the tax independence day would be in July or August. Already, half of the year worked is given to taxation. At our present course, there will be no tax independence day at all. Say hello to socialism/communism.

In order to remedy the situation, one must evaluate how our collective predicament came to be. A student of history would surely conclude that the passage of the Sixteenth Amendment to the Constitution started the era of big government. It provided the constitutional basis for higher taxation and expanded government as presented in Franklin Roosevelt's New Deal programs. We Americans turned our backs to the problem during the 40-year cold war.

As set forth in My Tax Plan, the clearest and best course of action would be the repeal of the Sixteenth Amendment. With it go social security and many other programs that are funded from our income taxes. It would restore our government to a more responsible position where a specific tax for a specific purpose would have to be argued and passed into law, with payment provided per capita – not by income. It would take a constitutional convention of the people – not the government—to make this happen. This is not likely in the foreseeable future.

Therefore, My Tax Plan has demonstrated the next best thing. By capping the maximum income tax percentage at 10% and redefining income as 'net income', like a business, we assure that the citizens of this country profit ahead of the government. With a small take of 10% of net income, we will create an atmosphere of voluntary compliance, thereby maximizing government revenue, and we will create a true income tax system geared toward the individual.

My Tax Plan also advocates abolishing Social Security Tax, State Income Tax, and Sales Tax. These are nothing more than further assessments against income. If not abolished, these taxes should be applied toward the 10% maximum income tax rate.

My Tax Plan further advocates the abolishment of all property taxes and assessments. These taxes strictly create revenue to fund other programs or for services not directly related to the specific property. It also restores full ownership of the private assets of this country to the people.

The net impact of the implementation of My Tax Plan will be for the good of the nation. However, the question arises about other funding for government.

My Tax Plan does not advocate the disappearance of state and local government because they rely on funding from the taxation that My Tax Plan advocates to be abolished. It is imperative that state government exist in order to protect us from the federal government. Likewise, local government provides a check and balance against state government.

My Tax Plan only recommends that state and local government not be funded through income, sales, or property taxation. Fee for service assessments are perfectly acceptable. Per capita fees are consistent with the Constitution. This way a resident of a state and/or municipality can assess the state and local fees and decide whether or not to remain a resident or move to another state and/or municipality. This brings competition into government and direct resident control over government. If government starts to charge too much, their revenue will fall due to reduced residency. Prior to the advent of medical insurance, doctors only charged what people could afford. We want to restore government to that position.

Last, it is grossly unfair to position employers as tax collectors and judgment enforcement officials for the government. To further the formation of new small businesses, an essential element would be the elimination of this business cost that has no relevancy to the business itself. My Tax Plan advocates the abolishment of withholdings from individual's pay. The individual should directly pay the government upon an assessment of the government's performance.

Sum total, implementation of My Tax Plan would restore the master-servant relationship between the people and the people's government.