

June 7, 2005

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

The President's Advisory Panel on Federal Tax Reform,
1440 New York Avenue NW,
Suite 2100,
Washington, DC 20220

2005 JUN 21 P 1:55

To: The President's Advisory Panel on Federal Tax Reform,

I have been informed that the Panel is investigating ways to:

- (a) simplify Federal tax laws to reduce the costs and administrative burdens of compliance with such laws;
- (b) share the burdens and benefits of the Federal tax structure in an appropriately *progressive* manner while recognizing the importance of homeownership and charity in American society; and
- (c) promote long-run economic growth and job creation, and better encourage work effort, saving, and investment, so as to strengthen the competitiveness of the United States in the global marketplace.

I have also been informed that the Advisory Panel shall submit to the Secretary of the Treasury a report containing policy options in accordance with section 3 of their Presidential order as soon as practicable, but not later than July 31, 2005. I follow the news about tax issues as closely as I can and I have not heard any news as to what the Panel is doing, how the Panel is communication with taxpayers, what information the Panel is receiving, or how the Panel is soliciting information and recommendations about Federal tax reform. I am not certain that most Americans know about the Panel and what it is doing and I think this is a very important concern. That being said, if the Panel has not made its presence and task known to all American taxpayers and not received a great deal of recommendations from most American taxpayers I hope that the Panel will seek more time from the President until both of those things are done and to continue their work on this most important issue and complete the job of seeking information and recommendations from most American tax payers. I suggest an additional year of taxpayer outreach and research while processing the comments received so far. In whatever time the Panel has left, for the future of the issue and the benefit of the country I hope that the Panel will seek to inform all taxpayers about the Panel and its work and the issue of federal tax reform. In addition, I hope that the panel will contact all of the universities in our country and seek comments and recommendations regarding reform of the federal tax system.

Finally, I request that the Panel research the attached proposal and publish it for the taxpayer and publics consideration

I Description of Proposal

- One of the most important things to be done as a part of the reform process is to not make additional mistakes, as has happened in the past. Therefore a national sales tax, a VAT or other types of consumption taxes should be *opposed* by the Panel and everyone else for that matter.
- A single bracket flat income tax should also be *opposed* by the Panel. The people that advocate for the SBFIT are, without disclosure, simply advocating for a tax cut or elimination of substantial taxes for themselves and/or their associates.
- The progressive income tax is a good idea that we should keep as long as the system is reformed, made simpler, both user and management friendly, and as enforceable and functional as possible.
- The income tax rates should be truly progressive and as progressive as possible; rates from 1% up to 25%, utilizing *all* percentages between 1% and 25%, with no deductions. The lower rates will compensate for the absence of *all* deductions. Further, all income should be treated as a single income sources (no more joint tax filings) and all income including from investments, but excluding from *government* investments, should be taxable at the rates of other income sources.
- regarding distribution of the tax burden (including provisions for relief for low-income individuals); this can be addressed by having income tax rates from 1% starting at \$10,000 and below and increasing progressively to 25% on the highest amounts of income.