

## The Unified Tax Plan

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I need to begin with a few precepts, or, if you recall 7<sup>th</sup> grade examinations in mathematics, these are the “Givens” that lay out the problem.

### GIVEN:

Corporations don't pay taxes. Corporations structure pricing and fees to use client money to pay taxes.

Government employees don't pay taxes. Government employees only cycle money from the tax coffers to their bank accounts, and back to the government.

Sales Taxes are paid by the purchaser, not the retailer.

Tariffs are Taxes on Foreign goods which are also passed on to consumers.

Taxes are used for multiple purposes: Revenue and restraint.

Taxes are also used for Social Engineering purposes. If the government wants us to use more or less of something, a tax is the lever to achieve that goal.

Therefore, all government revenue is generated by taxes and fees paid by private citizens.

### PHILOSOPHY:

Taxes ought to be sufficient to run the government, but not enough to restrict the people's freedom of choice.

### PREMISE:

Taxing production restricts production.

Taxing consumption restricts consumption.

Taxing power restricts power.

Taxing potential restricts potential.

Note: In considering the above, recognize this: Real power is in the willingness and ability to spend, not to earn.

Considering these facts, what would be the best form of taxation?

The answer is obvious. Taxes ought to be laid on power and consumption, not production.

Ergo, if someone has the power to consume, that person ought to be the focal point of taxation. Exemptions, structured largely for the powerful, ought to be rescinded.

However, we cannot forget that the less powerful also both consume and receive benefits from the government.

The only logical conclusion is a sales tax that has no exemptions. The powerful person buying a yacht ought to be subjected to the same sales tax as mom buying a jar of jelly for her children.

How can this work? That, in fact, is the easy part. The hard part is convincing people that this is a good idea!

First, or second, repeal all laws requiring taxation on any sorts of income. This includes salaries, but also from inheritance, and so on. Concurrently, adopt a national sales tax, but not a national bureaucracy. We tried that. It didn't work. The national sales tax would be administered by each state in which the sale took place. There is no need to repeal the 16<sup>th</sup> amendment, as it "allows" for income tax, but does not mandate it. A federal balanced budget amendment would be much more productive than repealing the 16<sup>th</sup>. Each state would then send a portion of the collected sales tax to the federal government.

What about poor people, you ask?

There is a simple and anti-bureaucratic answer to that. Every person, even the wealthiest, would receive the equivalent of a prepaid debit card to be use ONLY for sales tax. The amount on the card would be equal to the amount of sales tax paid by those people whose income is at or below the local poverty rate. Why local you ask? Because poverty comes earlier in Hawaii than in Bald Knob, Arkansas. Why should the wealthy receive such a card? Simple, to reduce the cost of a bureaucracy figuring out who is wealthy enough to get a card. The potential loss of revenue would be more than offset by the cost of the bureaucracy.

The cards would be distributed by the state at each voter registration office. Register to vote; get a tax card.

As an aside, think of the benefits to the Federal budget if a program like this were to be implemented.

Sure, such a card could be lost or stolen, but if so it could be replaced if tagged with the users ID.

**Stipulations:**

Social Security and Medicare Contributions are not Taxes, but are still paid by individuals.

Tolls (etc.) are use taxes.

Gasoline, Cigarette Tax (etc.) are Social Engineering.

The Bureau of Alcohol, Tobacco, and Firearms only exists because there are taxes on Alcohol and Tobacco. There are other examples of how a tax begets an agency.

### **The Unified Plan: Implementation**

For the moment, Carve out Medicare and Social Security into a separate fund not considered here.

Eliminate Federal Income Tax.

Eliminate Federal use and sin taxes such as gasoline and alcohol.

Convert the entire state and federal tax burden to a state sales tax and tariff based burden.

Each state would set the parameters of the tax (percentages).

To avoid undue taxation of those in poverty, a tax card, like a debit card, would be issued to every man, woman, and child, regardless of their financial situation or station in life. The card would be loaded with enough money to pay consumption tax on an income at the poverty level: I.e. the poverty level times the state approved tax percentage. People could use it only to pay the sales tax. The card could be refillable for those who can do so. Everyone gets one, even the wealthy – the wealthy would run through it quickly, and developing a system to sort out who to give one to and who not to give one too would cost more than the amount saved. Card balances could roll over, eliminating the *use it Por lose it* quandary.

Each State would have the option of imposing a State Income Tax (9<sup>th</sup> Amendment).

Once the Federal budget is passed, the total burden would be lessened by expected revenues from Tariffs. The remainder would be portioned out to the states according to population. Each States share of Federal Budget would be based on the number of people in that state, including foreign nationals.

United States Senators and Congressmen would brief the State legislature on the State's share of the federal budget in a joint session. Should a majority of the states reject the federal budget, it may be sent back to congress for reconsideration.

Federal Funding sources would be limited to payments by state legislatures and tariffs.

**NB:** It may be necessary to dissolve unconstitutional federal agencies, such as Education (and more) as a part of this reorganization.

Uncertainties:

Does the sales tax apply to every level of sale? Goods and services? Campaign contributions?