

10 A RESOLUTION CONCERNING
20 CREATING A NATIONAL FLAT TAX

30 WHEREAS: The income tax system is so complex, the IRS publishes 480 tax forms and 280
40 forms to explain the 480 forms in addition to sending out eight billion pages of
50 forms and instructions each year which, if laid end to end, would circle the earth
60 28 times and costs 300,000 trees a year to print; and,

70 WHEREAS: The main reason the tax code is so complex is the proliferation of deductions,
80 credits and other special preferences in the tax law and because of these
90 loopholes, taxpayers with similar incomes can pay vastly different amounts in
100 taxes; this uneven treatment of taxpayers is fundamentally unfair and is at odds
110 with the American value of equality under the law; and,

120 WHEREAS: The American people are beleaguered by the highest tax burden in American
130 history where taxes represent a larger share of the U.S. economy than ever
140 before; the typical American family now pays more in taxes than it spends on
150 food, clothing, transportation and shelter combined; and,

160 WHEREAS: The tax code reduces incomes through punitive taxes on saving, work and
170 entrepreneurship and places multiple layers of tax on saving, thus reducing
180 investments in new machines and technology that make American workers more
190 efficient and competitive; and,

200 WHEREAS: High marginal tax rates (that is, the tax rate on the last dollar earned) discourage
210 work, saving and entrepreneurial activity, which leads to a smaller economy and
220 by favoring certain economic activities over others, the tax code distorts
230 financial decisions and reduces economic efficiency; and,

240 WHEREAS: According to a study by an economist with the Congressional Research Service,
250 the corporate income tax costs the economy more in lost production than it
260 raises in revenue for the Treasury; and,

270 WHEREAS: Dale Jorgenson, the chairman of the Economics Department at Harvard
280 University, found that each extra dollar the government raises through the
290 current system costs the economy \$1.39; and,

300 WHEREAS: The flat tax scraps the entire income tax code and replaces it with a flat-rate
310 income tax that treats all Americans the same in addition to simplifying the tax
320 code, promoting economic opportunity, and restoring fairness and integrity to
330 the tax system; and,

340 WHEREAS: The flat rate would be phased-in over a three year period, with a 19 percent rate
350 for the first two years and a 17 percent rate for subsequent years; and,

360 WHEREAS: With a flat tax, all individuals and businesses would pay the same rate; the plan
370 eliminates all deductions and credits with the only income not subject to tax
380 being generous personal exemption that every American would receive: for a
390 family of four, the first \$35,400 in income would be exempt from tax and there
400 are no breaks for special interests, no loopholes for powerful lobbies but just a
410 simple tax system that treats every American the same; and,

420 WHEREAS: The flat tax replaces the current income tax code, with its maze of exemptions,
430 loopholes, and targeted breaks, with a system so simple Americans could file

440 their taxes on a postcard-size form and the Tax Foundation estimates that a flat
450 tax would reduce compliance costs by 94 percent, saving taxpayers more than
460 \$100 billion in compliance costs each year; and,

470 WHEREAS: The flat tax will restore fairness to the tax law by treating everyone the same; no
480 matter how much money you make, what kind of business you're in, whether or
490 not you have a lobbyist in Washington, you will be taxed at the same rate as
500 every other taxpayer; and,

510 WHEREAS: Because the flat tax treats all economic activity equally, it will promote greater
520 economic efficiency and increased prosperity and when saving is no longer
530 taxed twice, people will save and invest more, leading to higher productivity and
540 greater take-home pay; and,

550 WHEREAS: When marginal tax rates are lower, people will work more, start more businesses
560 and devote fewer resources to tax avoidance and evasion and because tax rules
570 will be uniform, people will base their financial decisions on common-sense
580 economics, not arcane tax law; and,

590 WHEREAS: According to one study by a former chief economist for Congress' Joint
600 Committee on Taxation, under the flat tax the economy would be 5.7 percent
610 larger after five years than under the current system which translates into \$522
620 billion in higher output, or \$3,000 in higher income for the typical family of
630 four; Michael Boskin, a former chairman of the Council of Economic Advisors,
640 estimates that the flat tax would increase the size of the economy by 10%; and,

650 WHEREAS: The flat tax eliminates the marriage penalty and nearly doubles the deduction for
660 dependent children which by ending the multiple taxation of saving, the flat tax
670 provides all Americans with the tax equivalent of an unlimited IRA; this will
680 make it easier for families to save for a home, a vacation, a college education or
690 retirement; and,

700 WHEREAS: The flat tax bill repeals the current income tax in total and replaces it with a low,
710 simple flat tax and under the bill, every dollar of income in the economy is taxed
720 one time at the same rate, wage and pension income is collected from
730 individuals, and all other income, including investment income, is collected
740 from businesses.

750 THEREFORE BE IT RESOLVED: That the Maryland Student Legislature strongly urges
760 Congress to pass H.R. 1040: To promote freedom, fairness, and economic
770 opportunity for families by reducing the power and reach of the Federal
780 establishment; and,

790 BE IT FURTHER RESOLVED: That this bill impose on the taxable income of every individual
800 a tax equal to 19 percent (17 percent in the case of taxable years beginning after
810 December 31, 2003) of the taxable income of such individual for such taxable
820 year.

830 MANDATES: President George W. Bush
840 Vice President Dick Cheney
850 House Speaker Dennis Hastert
860 Incoming House Majority Leader
870 Incoming House Minority Leader
880 Incoming Senate Majority Leader
890 Incoming Senate Minority Leader
900 Senator John Sununu

Sponsor:

Seth D. Schraier
Speaker of the Assembly
South Campus Commons Apt. 1412
4230 Knox Rd.
College Park, MD 20740
(301) 226-0292
sethd@wam.umd.edu