

R030-0405

10 **A RESOLUTION CONCERNING THE STRENGTHENING AND REFORMING OF**
20 **THE FEDERAL INCOME TAX CODE**

30 **WHEREAS:** Our current tax system is unfair, often levying different tax burdens on people
40 with the same incomes; For example, higher taxes are levied on some senior
50 citizens with Social Security income; and,

60 **WHEREAS:** The tax code allows only certain individuals to take advantage of special tax
70 loopholes and tax breaks, while others are forced to pay higher taxes; and,

80 **WHEREAS:** Our current tax system is needlessly confusing and complex; It takes Americans
90 six billion hours each year, at a cost of \$200 billion, just to comply with the tax
100 code; and,

110 **WHEREAS:** The current tax code punishes people who work hard or take risks to improve
120 their standard of living; and,

130 **WHEREAS:** The current tax code discourages saving and investing by taxing these activities
140 more than once and as a result, the savings and investment needed for economic
150 growth are eroded, and every American's chance for a higher income and
160 improved standard of living is diminished; and,

170 **WHEREAS:** Because of current high tax rates and the tax code's multitude of deductions,
180 investment decisions are often based on tax consequences instead of economic
190 merit which stifles economic growth; and,

200 **WHEREAS:** Marginal income tax rates that were set at 15 and 28 percent just a few years
210 ago, now reach as high as 37.5 percent which causes damage to economic
220 growth by reducing the incentives to work, save, and invest; and,

230 **WHEREAS:** There is a large and growing consensus among economists, lawmakers, and
240 taxpayers that our current income tax system has become a tremendous obstacle
250 to economic growth; and,

260 **WHEREAS:** Federal spending has leaped 25 percent since 2001, exceeding \$20,000 per
270 household and frustrated taxpayers are seeking ways to protect their family
280 budgets from the federal budget; and,

290 **WHEREAS:** In 1992, Colorado citizens revolted against their free-spending lawmakers
300 by petitioning for a referendum to limit the growth of state government to the
310 inflation rate plus the population growth rate; and,

320 **WHEREAS:** Voters quickly approved the Taxpayers' Bill of Rights (TABOR), by a margin of
330 3 to 1, ushering in a new era of fiscal responsibility and economic growth and
340 over the next decade, spending was reined in, taxes plummeted, and the
350 Colorado economy became the envy of the nation; and,

360 **WHEREAS:** A Taxpayers' Bill of Rights presents a simple, yet effective way to curb
370 runaway spending because a TABOR would limit the growth of federal
380 spending to the inflation rate plus population growth; Rather than growing 6.4
390 percent annually (the average during the past five years), federal spending would
400 typically increase by approximately 3.3 percent annually; and,

410 **WHEREAS:** While this slower growth rate may not seem like a significant change, it would
420 save taxpayers more than \$4 trillion over the next 10 years; and,

430 **WHEREAS:** Limiting annual federal spending growth to approximately 3.3 percent is not too
440 much to ask of Congress, especially considering that the federal budget has
450 expanded by 30 percent in the past five years and contains hundreds of billions
460 of dollars worth of wasteful and obsolete programs; and,

470 **WHEREAS:** The current \$2.3 trillion federal budget would still be large enough to fund
480 all current programs, and these programs could continue growing at the inflation
490 rate plus the population growth rate; any programs that expand at faster rates
500 would need to be offset by reductions in the growth rates of other programs.

510 **THEREFORE BE IT RESOLVED:** That the Maryland Student Legislature urges the
520 Congress of the United States to pass a TABOR law that: a.) Restricts growth,
530 not revenues; b.) Imposes any break of the spending limits to be done so only by
540 a 2/3 super-majority vote; c.) Requires Congress to budget for predictable
550 emergencies so that TABOR overrides do not become routine; d.) Protects
560 States from new unfunded mandates; e.) Splits surpluses between tax-rebates
570 and debt reduction; f.) Simplifies the process by which taxpayers must comply
580 with the code by eliminating much of the complexity in the current code; and,

590 **BE IT FURTHER RESOLVED:** That the Maryland Student Legislature urges Congress, and
600 the President of the United States, to move swiftly in passing and enacting a
610 TABOR law so that the United States can get back to the principles of fiscal
620 responsibility, thus avoiding the looming financial disaster of doing nothing.

630 **MANDATES:** President George W. Bush
640 Senate Majority Leader Bill Frist
650 Senate Minority Leader Harry Reid
660 Speaker of the House Dennis Hastert
670 House Majority Leader Tom DeLay
680 House Minority Leader Nancy Pelosi
690 Federal Reserve Chairman Alan Greenspan

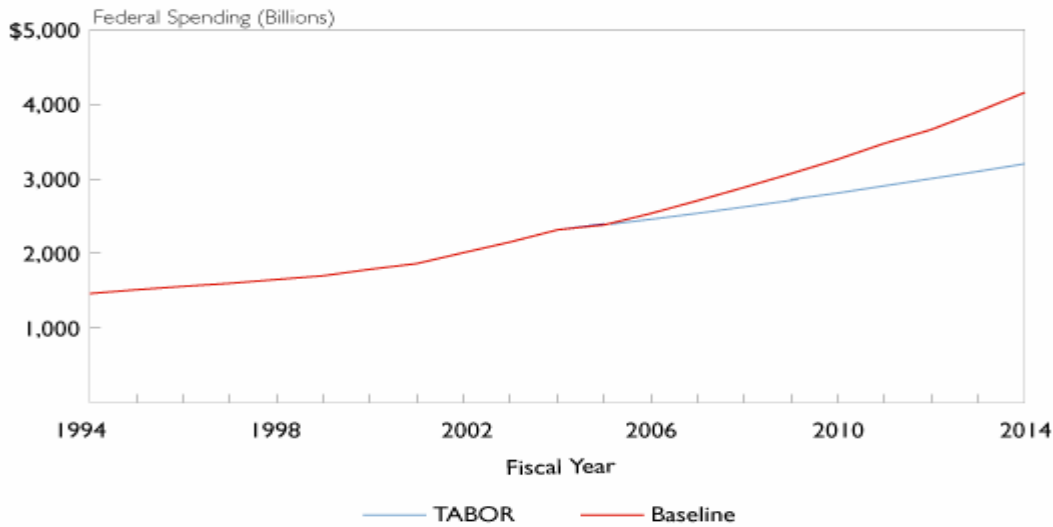
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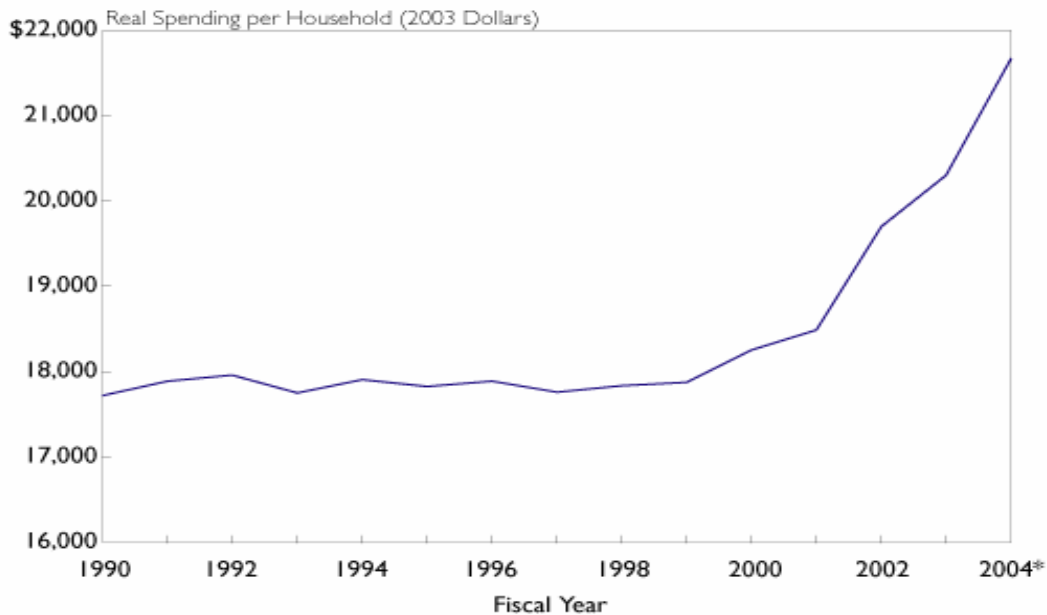
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A Taxpayer Bill of Rights Would Save \$4 Trillion over the Next Decade



Source: Heritage Foundation estimates based in part on data from the Congressional Budget Office.

Washington Now Spends More Than \$20,000 per Household



Source: Heritage Foundation calculations based on data from the U.S. Census Bureau and the Office of Management and Budget.