

R020-0910

10 **A resolution concerning**
20 THE INSTATEMENT OF A VAT TAX AND THE REPEAL OF THE INCOME TAX

30 **WHEREAS:** The VAT (value added tax) is a tax which is collected at each level of a product’s line of production,
40 distribution and sale; and,

50 **WHEREAS:** The revenue generated by the VAT, would be enough to cover a substantial reduction in both the
60 corporate income tax and the private income tax; and,

70 **WHEREAS:** The instatement of the VAT would help generate more revenue than would income taxes, because
80 with workforce numbers predicted to decline (due to America’s rapidly aging population) income tax revenues look
90 to fall as well; and,

100 **WHEREAS:** In contrast, the VAT would *not* be as affected by America’s changing demographics, since it would be
110 paid by our entire population, rather than only corporations and members of the workforce; and,

120 **WHEREAS:** The VAT is also more difficult to defraud since balance sheets from players involved in various stages
130 of production can be compared; and,

140 **WHEREAS:** Collecting taxes from businesses is more simple that collecting taxes from individuals; and,

150 **WHEREAS:** The additional revenues generated by the VAT be used to fund income tax reform which would
160 exempt families with incomes of \$100,000 or less from the income tax; and,

170 **WHEREAS:** Having a VAT would “harmonize” the United States’ tax system with those of foreign nations and
180 reduce the disadvantages that US manufacturers face against foreign competitors; and,

190 **WHEREAS:** More specifically, the VAT would generate enough funds so that the corporate income tax could be
200 lowered, and the United States made a more favorable location for business investments by both domestic and
210 foreign corporation; and,

220 **WHEREAS:** America’s main means of collecting incomes taxes, the income tax form, has ballooned into a tangle
230 of loopholes and inconsistencies – bewildering taxpayers and tax collectors alike; and,

240 **WHEREAS:** Our nation’s fiscal future is in peril due to a combination of irresponsible spending, an impending
250 entitlement crises and the inability to generate substantial tax revenues; and,

260 **WHEREAS:** The VAT as an excellent policy with which to replace our current income tax system with; and,

270 **WHEREAS:** The VAT would similarly reduce our nation’s risk of financial peril; and,

280 **THEREFORE BE IT RESOLVED:** That America’s current convoluted and overly complicated income tax
290 system be replaced by a value added tax.

300 **MANDATES:**

310 Governor Martin O’ Malley

320 Lt. Governor Anthony Brown

330 Senator Ben Cardin

340 Senator Barbara Mikulski

350 The Honorable Steny Hoyer, Delegate

Sponsor:

Andrea Thomson, University of Maryland Baltimore County, DCP
Attorney General, Maryland Student Legislature