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The FairTax: An Idea Whose Time Has Come  
An Op-ed by  
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In the midst of all the talk about measures Congress could pass to stimulate the economy, there is one proposal that stands head and shoulders above them all: H.R. 25, the “FairTax Act of 2007.” If passed, this bill would reform the way the federal government collects tax revenue and would unleash the power of the American economy. I am proud of my friend and colleague, Rep. John Linder, for introducing this important legislation, and am pleased to be a co-sponsor, along with all the Republican members of Georgia’s House delegation.

Adopting the FairTax would mean an immediate repeal of all corporate and individual income taxes, payroll taxes, self-employment taxes, capital gains taxes, and gift taxes. In their place, Congress would enact a consumption tax that would be collected at the point of sale for a good or service. One advantage of the FairTax is immediately clear: with no need for a federal entity to police individual Americans compliance, the excessively bureaucratic and needlessly intrusive Internal Revenue Service could be eliminated.

For too long, the American people have been asked to comply with an incomprehensible, loophole-riddled, lobbyist friendly, income tax code that makes it far too easy for innocent taxpayers to find themselves at the mercy of a punitive federal agency. Further, the income tax code has long been used by Washington policymakers as a tool for social engineering, with the costs being embedded into the costs consumers pay for goods. American citizens and the American economy have suffered as a result.

By adopting the FairTax, taxpayers will finally be able to turn the tables on Washington's big spenders. American consumers could decide for themselves just how much of their money they were willing to send to Washington by factoring this into their decision whether or not to make a purchase. Decisions made by consumers to forego current spending would likely lead to greater saving by these individuals. Most economists will tell you that encouraging saving is a key to maintaining a strong economy.

Another advantage of the FairTax is that it would immediately boost our economy by eliminating the embedded costs of the federal income tax code that are currently passed on to consumers in the price they pay for goods and services. Gone would be the need for businesses large and small to spend large amounts of time and money in order to remain in compliance with the code, or to consult with lawyers to find beneficial loopholes so that they could avoid paying what they owe. In fact, Rep. Linder estimates that the compliance costs currently faced by businesses would fall by 90% following enactment of the FairTax, and that the costs of goods and services would fall 20 to 30 percent as a result. And for those engaged in illicit activities that avoid current federal taxation? The FairTax would reach this "underground" economy as well, taxing any subsequent purchase made in the legitimate economy.

What does this mean? It means that the American economy, unshackled from the chains of the current federal income tax system, would likely see an increase in real wages, a decline in interest rates, an immediate surge in exports as our goods became more competitively priced overseas, and an increase in the Gross Domestic Product of almost 10.5% in the first year after enactment of the FairTax. At a time when our economy appears to be in need of some form of stimulus, the FairTax offers the kind of reform that would provide the most "bang for the buck."

In addition to passing the FairTax supporters should also call for the repeal of the 16<sup>th</sup> Amendment to the Constitution. This amendment, which allows the government to tax income directly, is responsible for today's taxation regime which is, often, overly intrusive and unduly punitive. One of my goals as a legislator is to reduce the size and scope of government's reach into people's lives. The FairTax makes the current enforcement regime obsolete and would free law-abiding Americans from the fear of facing an expensive audit. It is important that the 16<sup>th</sup> Amendment be repealed for another reason: so that we don't end up with a system in which we have both a federal income tax and a federal consumption tax.

Clearly, the bi-partisan support that H.R. 25, the “FairTax Act of 2007”, has achieved to date indicates that this is an issue which transcends ideological lines. It is an idea whose time has come. It is a revolutionary idea, and one that will face numerous entrenched special interests who will resist this kind of change. But it is a good idea, and it is right for America . I look forward to working with Rep. Linder to turn this from legislation into law.

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