

105TH CONGRESS
1ST SESSION

H. RES. 111

Expressing the sense of the House of Representatives that the income tax should be eliminated and replaced with a national sales tax.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 1997

Mr. HEFLEY submitted the following resolution; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

RESOLUTION

Expressing the sense of the House of Representatives that the income tax should be eliminated and replaced with a national sales tax.

Whereas the savings level in the United States has steadily declined over the past 25 years, and lagged behind our industrialized trading partners;

Whereas our economy cannot achieve strong, sustained growth without adequate levels of savings to fuel productive activity;

Whereas the income tax, the accompanying capital gains tax, and the estate and gift tax discourage savings and investment;

Whereas the methods necessary to enforce the income tax infringe on the privacy of our citizens and divert an estimated \$157 billion of taxpayer resources to comply with its rules and regulations;

Whereas the Internal Revenue Service estimates that each year it fails to collect 17 per centum, or \$127 billion, of the income tax owed to the Federal Government;

Whereas the income tax system employs a withholding mechanism that limits the transparency of Federal taxes;

Whereas the most effective tax system is one that promotes savings, fairness, simplicity, privacy, border adjustability, and transparency;

Whereas it is estimated that the replacement of the income tax system with a national sales tax would cause our savings rate to substantially increase;

Whereas the national sales tax would achieve fairness by employing a single tax rate, taxing the underground economy, and closing loopholes and deductions;

Whereas the national sales tax would achieve simplicity by eliminating recordkeeping for most taxpayers and greatly reducing the number of collection points;

Whereas the national sales tax would be the least intrusive tax system because most taxpayers would not be required to file returns or face audits from the Internal Revenue Service;

Whereas the national sales tax is border adjustable and would place United States exporting on a level playing field with our foreign competitors;

Whereas a national sales tax is a transparent tax system that would raise Americans' awareness of the cost of the Federal Government; and

Whereas a national sales tax would best achieve the goals of an effective tax system: Now, therefore, be it

1 *Resolved*, That it is the sense of the House of Rep-
2 resentatives that—

3 (1) the income tax system, both personal and
4 corporate, the estate and gift tax, and the accom-
5 panying capital gains tax be replaced with a broad-
6 based, single-rate national sales tax on goods and
7 services;

8 (2) the national sales tax rate be set at a level
9 that raises an equivalent level of revenue as the in-
10 come taxes replaced;

11 (3) the Federal Government work with the
12 States to develop a State-based system to administer
13 the national sales tax and that States be adequately
14 compensated for their efforts; and

15 (4) the Congress and States work together in
16 an effort to repeal the sixteenth amendment.

○