

113TH CONGRESS
1ST SESSION

H. R. 2393

To direct the Secretary of the Treasury to develop and present to Congress
a legislative proposal to establish a consumption tax.

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 2013

Mr. FATTAH introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To direct the Secretary of the Treasury to develop and
present to Congress a legislative proposal to establish
a consumption tax.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Growth &
5 Tax Reform Act of 2013”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The United States, from its beginning in
9 1790 to the present, has been free of a national debt
10 for only two years, 1834 and 1835.

1 (2) After 1946, the national debt as a percent-
2 age of GDP declined, reaching a low of 32.5 percent
3 in 1981.

4 (3) The large budget deficits of the 1980s and
5 1990s reversed this trend and pushed the percentage
6 to another high of 49.5 percent in 1993.

7 (4) The Federal budget surpluses from fiscal
8 year 1998 to fiscal year 2001 were used to retire a
9 portion of the publicly held national debt.

10 (5) Between fiscal year 1997 and fiscal year
11 2001, the publicly held portion of the national debt
12 declined by more than \$400 billion.

13 (6) Since fiscal year 2002, a return to budget
14 deficits has caused the debt to grow again.

15 (7) The national debt has grown from 75.5 mil-
16 lion in 1790 to \$16,781,967,702,405.37, as of April
17 19, 2013.

18 (8) Congress must consider innovative tax
19 strategies to meet this fiscal challenge.

20 (9) A consumption tax will assist in decreasing
21 the total public debt outstanding by broadening the
22 tax base to include revenue from untapped sources:
23 foreign tourists, undocumented immigrants, the un-
24 derground economy, and multi-million dollar busi-
25 ness transactions.

1 (10) Implementing a consumption tax would
2 simplify the current tax system.

3 (11) At least 84 countries subscribe to some
4 form of consumption taxation, including Afghani-
5 stan, Albania, Australia, Austria, Azerbaijan, Baha-
6 mas, Bangladesh, Barbados, Belgium, Benin, Brazil,
7 Brunei Darussalam, Burundi, Cameroon, Canada,
8 Cape Verde, Chile, China, Comoros, Congo (DRC),
9 Croatia, Cyprus, Denmark, Egypt, Ethiopia, Fin-
10 land, France, Ghana, Germany, Greece, Guinea-
11 Bissau, Indonesia, Ireland, Iran, Italy, Jamaica,
12 Japan, Kenya, Korea, Kosovo, Kuwait, Laos, Latvia,
13 Liberia, Lithuania, Luxemburg, Macedonia, Mada-
14 gascar, Malaysia, Malta, Mexico, Morocco, Nether-
15 lands, New Zealand, Norway, Pakistan, Poland, Por-
16 tugal, Qatar, Russian Federation, Saudi Arabia,
17 Senegal, Serbia, Singapore, Slovak Republic, Slo-
18 venia, South Africa, Spain, Sri Lanka, Sudan, Swe-
19 den, Switzerland, Tanzania, Thailand, Trinidad &
20 Tobago, Tunisia, Turkey, Uganda, Ukraine, Uru-
21 guay, United Kingdom, Vietnam, Zambia, and
22 Zimbabwe.

23 (12) Under a consumption tax, personal savings
24 are excluded from the taxable base thereby reward-
25 ing taxpayers for saving.

1 **SEC. 3. CONSUMPTION TAX LEGISLATIVE PROPOSAL.**

2 (a) IN GENERAL.—Not later than 1 year after the
3 date of the enactment of this Act, the Secretary of the
4 Treasury shall develop and submit to Congress a legisla-
5 tive proposal to establish a consumption tax that is broad-
6 based and progressive in nature.

7 (b) PROPOSAL REQUIREMENTS.—

8 (1) IN GENERAL.—Such proposal shall set forth
9 the details of such a consumption tax and the rates
10 that the Secretary estimates would eliminate the
11 total public debt outstanding in 10 years, 20 years,
12 and 30 years, respectively, under each of the fol-
13 lowing scenarios:

14 (A) The consumption tax would be in addi-
15 tion to all Federal taxes in effect on the date
16 of the enactment of this Act.

17 (B) The consumption tax would replace the
18 individual income tax imposed by section 1 of
19 the Internal Revenue Code of 1986 on earned
20 income (as defined in section 32(c)(2) of such
21 Code).

22 (C) The consumption tax would replace the
23 corporate income tax imposed by section 11 of
24 such Code.

25 (2) FEASIBILITY AND COMPARATIVE ANAL-
26 YSIS.—Such proposal shall also include—

1 (A) an analysis of the feasibility of, any
2 barriers to, and any advantages or disadvan-
3 tages of, a Federal consumption tax, and

4 (B) a comparative analysis of the function
5 and character of consumption taxes in other
6 countries that impose a consumption tax.

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