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Congress of the United States

House of Representatives

May 7, 2002

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INTELLECTUAL PROPERTY
SUBCOMMITTEE ON CRIME
COMMITTEE ON EDUCATION
AND THE WORKFORCE

Mr. Clifford Rohrer
Post Office Box 37
Hinton, Virginia 22831

Dear Mr. Rohrer:

Thank you for contacting me regarding your support for tax code simplification. It is good to hear from you.

At a time when Americans devote a total of 5.4 billion hours each year to comply with the tax code, we need tax simplification. The key ingredients of a simple tax system should be: a single, low rate for all Americans; tax relief for working people; protection of the rights of taxpayers and reduction in tax collection abuses; promotion of savings and investment; and encouragement of economic growth and job creation. We should also make it more difficult to raise taxes to pay for new government spending programs by requiring a 2/3rds vote of the House and the Senate to raise taxes, rather than a simple majority.

As you may know, the FairTax Act, H.R. 2525, would abolish all federal income taxes, including capital gains taxes, all payroll taxes, estate and gift taxes, and corporate and self-employment taxes and replace them all with a 23 percent national sales tax. This proposal would dramatically change the basis for taxation in this country -- taxing citizens only on what they spend, not on what they earn. However, we must take care to ensure that such a system does not unfairly impact lower income taxpayers who must spend their entire income on basic necessities and would be severely impacted by a 23 percent increase in the cost of those items.

In an effort to bring about real tax reform, I cosponsored H.R. 4199, the Date Certain Tax Code Replacement Act, in the 106th Congress. Simply put, this legislation would terminate all taxes imposed by the Internal Revenue Code by the year 2003, other than Social Security and railroad retirement-related taxes. This exception is necessary to ensure that Social Security, Railroad Retirement and Medicare payments are not interrupted to the seniors who rely on them. This legislation passed the House on April 13, but did not receive consideration by the Senate.

H.R. 4199 is a simple piece of legislation. Sponsored by Steve Largent of Oklahoma, it is only one page long. The bill merely states that the Internal Revenue Code is sunsetted on December 31, 2002. It repeals 96 of 99 chapters of the code. If H.R. 4199 becomes law in the 107th Congress, the entire federal tax code will come to an end. What a boon that would be for

our nation as we begin a dialogue on how to best simplify and reduce this needlessly complex tax structure.

Furthermore, H.R. 2001, known as the National Retail Sales Tax Act, would repeal the income, estate, gift, and certain excise tax provisions of the Internal Revenue Code. This legislation was not considered in the previous Congress, but I will keep your views in mind should it be re-introduced.

Another key step in reducing the complexity of our tax process is reducing taxes in general. We must continue to focus on cutting wasteful and unnecessary spending. You may be assured that spending and tax reductions will remain my highest priority continuing into the next Congress and that I will continue to look for ways to simplify this needlessly complex tax process.

Again, thank you for the benefit of your comments. Please feel free to contact me whenever I may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob", written over the word "Sincerely,".

Bob Goodlatte
Member of Congress

RWG:je