

106TH CONGRESS  
1ST SESSION

# S. RES. 24

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

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IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1999

Mr. LUGAR submitted the following resolution; which was referred to the Committee on Finance

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## RESOLUTION

Expressing the sense of the Senate 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 the industrialized trading partners of the United States;

Whereas the economy of the United States 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 the citizens of the United States and, according to the Tax Foundation, divert an esti-

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mated \$225,000,000,000 of taxpayer resources to comply with income tax rules and regulations;

Whereas the Internal Revenue Service estimates that each year it fails to collect 17 per centum, or \$127,000,000,000, 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 the savings rate of Americans 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 exporting by Americans on a level playing field with the foreign competitors of the United States;

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 Senate that—

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

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

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

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

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