

bob showenPRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

From: "bob" <bobshowen@sbcglobal.net>
 To: "Andrew H. Card, Jr." <president@whitehouse.gov>
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Andrew H. Card, Jr.
 Chief of Staff
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I am sending this email to you, rather than to the President's Tax Reform Panel. Although the tax reform concepts that I will discuss below exceed most of the Purposes in the January 7, 2005 Executive Order, my ideas violate three of the stated requirements of the Executive Order:

(1) They are not "revenue neutral policy options". Instead of just achieving the President's desire to cut the deficit in half, the concepts will completely balance the Federal budget upon their enactment and will completely pay off the 7 or 8 trillion dollar federal indebtedness before the end of the President's second term.

(2) I do not retain the deductions for home mortgage interest or charitable contributions. My concepts have no deductions whatsoever. However, my concepts benefit home ownership and charitable activities much better than the present net income tax system.

(3) My concepts do not in any way "use the Federal income tax as the base for" my recommended reforms. I consider the net income tax system as the very heart of the problem, not a part of the solution to the problem.

Here are some credentials since anyone who advocates the complete restructure of our entire federal, state and local tax systems has to be thought of initially as somewhat of a crackpot. I am a graduate of Stanford University in California and (the First Lady's alma mater) Southern Methodist University Law School in Texas, where I served as Editor-in-Chief of the Southwestern Law Journal. I began my tax practice in 1955, during a part of both of President Eisenhower's administrations, with the Department of Justice as a part of Attorney General Herbert Brownell's honor graduate recruitment program, and have been engaged in a tax practice for just three months shy of fifty years.

According to The Tax Foundation estimates, the average U.S. taxpayer is now paying a little less than 30% of his or her gross income on federal, state and local taxes. I propose to replace all of the federal, state and local tax systems with a single 4% tax on the conversion into cash of all assets, whether representing work or wealth. Because it is computed on a tax base about 50 times greater than the tax base that we presently use, my proposed 4% Asset Conversion Tax would completely balance all federal, state and local governmental budgets within one day, would pay off all federal, state and

local governmental debts within one or two years and would provide more than enough funds to solve immediately the current problems of the inadequately funded costs of Medicare, prescription drugs, military actions, education and transportation.

At the same time the 4% Asset Conversion Tax would provide a really meaningful tax reform by reducing the total federal, state and local tax burden on the average family in the United States from the present approximately 30% of gross income all the way down to 4% of gross income (a total federal, state and local tax reduction of close to 90%).

The 4% Asset Conversion Tax works because there are absolutely no deductions, exemptions, credits or variable rates of tax. Collecting the 4% ACT is based upon the established premise that a simple tax is the easiest to collect and the hardest to evade. Some of the alternatives that the President's Tax Reform Panel seem to be considering, such as the consumption taxes or the value-added taxes, are as difficult to understand, and as difficult to enforce, as our present net income taxes.

Under the 4% ACT you will never again have to file a federal, state or local income tax return. Suppose you receive a check for \$100.00. When you deposit the check in your bank, your bank will put \$96.00 into your checking account and will send the remaining \$4.00 to the 4% ACT Central Collection Agency. The Collection Agency will then allocate your \$4.00 ACT payment, together with the more than Fifteen Trillion Dollars of other 4% ACT payments that the Collection Agency will receive each year, among the federal, state and local governments in accordance with the formula contained in the U.S. Constitutional Amendment establishing the 4% Asset Conversion Tax, a three page document, rather than the 17,000 page Internal Revenue Code.

I look forward to hearing from you shortly. If you, or any of the President's staff members involved in the liaison with the Tax Reform Panel, desire to learn the details about the 4% Asset Conversion Tax, I will be glad to fly from the San Francisco Bay area to Washington, DC for a meeting.