



A FairTaxSM White Paper

Which comes first?

The implementation of the FairTax or the repeal of the 16th Amendment?

Perhaps the best way to approach this chicken-or-the-egg question is to acknowledge that change is difficult. Most people don't like change. It's the devil you know vs. the devil you don't. Over the past 90+ years, the internal revenue code has become a nightmare web, spun by a spider on Prozac, yet it is the spider we know. As if injected with psycho-venom, we lie in a stupor as our paychecks are quietly reduced before we receive them. Alternatively, lobbyists have done a very good job of hacking escape routes for their special-interest clients. Is there any good reason to fight this spider we know so well? Is help possible?

Women not voting was a spider we knew. The evils of liquor were spiders we knew. Segregation was a spider we knew. The Kremlin was the spider we knew. As with each of these, cutting this web down might be uncomfortable at first, but it will certainly be good for us in the future. Now, how can we show the uncomfortable we have a safe place to go? Can we free ourselves from the 16th Amendment without first ensuring a safe landing?

That safe landing comes from simply putting the FairTax – a progressive national sales tax – there and allowing our nation to enjoy how well it works. How easy is it to burn that web, once we experience the growth and the enhanced civil liberties of such a replacement? Even the most conservative economic studies predict tremendous growth under such a tax. Growth that can decimate deficits; growth that could ease funding of the Social Security gap. And the personal peace of mind that comes from no record keeping, no reporting, no filing, no audits, and no federal tax collector darkening the door of any wage earner again. How much easier will it be to repeal an amendment when we are loosed from this web? Much easier.

How do we ensure we don't end up with both systems – stagnating our economy as have Canada and Europe? The income tax system already is catastrophically unworkable, unbelievably expensive, and a perfect model of inefficiency. Those closest to the internal revenue code, from Congress (where it is written), to the Treasury Department (where it is managed), to the IRS (where it is enforced), to the administration (where they have to plan with it), to the accounting industry (where it is avoided), to the courts (where it is interpreted), all of these groups know very well it is a terminally ill patient, with life maintained only through support of the largest domestic surveillance agency in the history of the world.

The 16th Amendment *allows* an income tax, but does not *require* it. Passage of the FairTax repeals both the income tax and payroll tax codes; the IRS disappears, in practice if not yet in fact. Morale at the IRS – already the lowest in any government agency – sags to new



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depths. It will be over and everyone will know it. An apt comparison is the speed with which communism fell after the initial breach of the Berlin Wall.

The best and the brightest in the IRS – and there are plenty – quickly move across the street to the Drug Enforcement Administration or the Department of Homeland Security. There they very successfully follow the money trails to real criminals, rather than chasing every wage earner in America. Judges no longer have any interest in further interpreting a dead system, so fast settlements rule the day. The records of all taxpayers not currently in dispute will be destroyed – much as in earlier times, when the king was required to bring tax records to the town square and burn them as part of new tax treaties. But even this action may be moot when we see the speed with which the web unravels. Like communism, the income tax system is built on false ideas, and the speed with which it collapses will startle – if pleasurably – American taxpayers, as did the speed of communism’s collapse. Frankly, we’ll have to ensure that some responsible and capable caretakers remain behind to turn off the lights.

The restart of an income tax system, with the current unworkable infrastructure decimated, could not occur without tremendous and costly effort, certainly attracting the attention of American activist voters.

Those who say “Repeal first” have fallen into the web of the naysayers’ last line of defense, trapped by the last delaying tactic of the dying regime’s lobbyists. These lobbyists will do their best to generate fear of the unknown – and attempt to drive taxpayers back to the web they know; a web in which these lobbyists have a tremendous investment. But a sales tax is not unknown territory. Texas and Florida, with sales taxes only, have suffered the least from the states’ recent woes, balanced their budgets, and recovered more quickly than states with income taxes.

Do we still repeal the 16th Amendment and forever prevent the respinning of an income tax? Absolutely. Do we have an enthusiastic and active member of Congress as the lead sponsor on House Joint Resolution 16 to repeal the 16th Amendment? Rep. Steve King (IA 05). Have we built alliances with nationwide organizations – with grass roots right down to the county level – to ensure such a repeal? Yes. Will a 2/3 vote in the Senate be tough? Yes. Will constant alertness from activist voters still be necessary to ensure the income tax is finally and permanently exterminated? Yes. Will that group of grass roots voters find it easier to burn down that web once the rest of the nation, their congressmen, their senators, and their state legislatures see the success of the FairTax? Without a doubt. So, the order of the day is: 1. Pass HR 25, the FairTax bill that replaces the current codes, 2. Enjoy its benefits, 3. Finally, repeal the 16th Amendment, as you now know just how freeing the future is.



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What is the FairTax Plan?

The FairTax Plan is a comprehensive proposal that replaces all federal income and payroll based taxes with an integrated approach including a progressive national retail sales tax, a prebate to ensure no American pays federal taxes on spending up to the poverty level, dollar-for-dollar federal revenue replacement, and, through companion legislation, the repeal of the 16th Amendment. This nonpartisan legislation (HR 25/S 1025) abolishes all federal personal and corporate income taxes, gift, estate, capital gains, alternative minimum, Social Security, Medicare, and self-employment taxes and replaces them with one simple, visible, federal retail sales tax – administered primarily by existing state sales tax authorities. The IRS is disbanded and defunded. The FairTax taxes us only on what we choose to spend on new goods or services, not on what we earn. The FairTax is a fair, efficient, transparent, and intelligent solution to the frustration and inequity of our current tax system.

What is Americans For Fair Taxation (FairTax.org)?

FairTax.org is a nonprofit, nonpartisan, grassroots organization solely dedicated to replacing the current tax system. The organization has hundreds of thousands of members and volunteers nationwide. Its plan supports sound economic research, education of citizens and community leaders, and grassroots mobilization efforts. For more information visit the Web page: www.FairTax.org or call 1-800-FAIRTAX.

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(AFFT Documents\Papers on a specific subject\Which comes first- The FairTax or the repeal of the 16th Amendment)