

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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The President's Panel on Tax Reform
1440 New York Avenue
Suite 2100
Washington, DC 20220

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Dear Panel:

My background is accounting, military, aviation, and banking. I have been dissuaded from investments by the current tax code and legal tort processes. By my logic any investment that creates jobs and current income for me can only return approximately 24% after estate taxes are considered and any investment is 100% at risk. There is negative incentive to create jobs if there is potential liability risk.

I believe a value added tax would benefit this country. It would help level the field for United States based companies. Under the current system, they must pay their employees enough to have a living wage after the employee pays his/her income tax. If all corporations selling goods and services in the United States paid a tax based on value added for production and distribution it would have a job production incentive for goods manufactured in this country.

An additional advantage to value added taxation that is important is the underground economy would share in the tax burden through purchases of goods and services. A flat tax would not apply to the underground economy that is so extensive today.

BUSINESSES NEVER PAY TAXES. All businesses pass their tax burden to the consumers of their product. Additionally they increase the price to compensate for the computation of their tax. Business taxes only determine where a company operates or calls home. Business taxes disproportionately affect the poor by impacting on a higher percentage of their income. They also disproportionately affect the young who consume more goods and services. All companies must seek the most advantageous tax haven in order to compete and survive.

The international monetary exchange process balances the budgets of all countries. My lower tax bill this year cost hundreds of thousands in lower purchasing power by reducing the value of my estate. I anticipate that the pendulum will continue to swing and hope to recover some of that loss. In order for the pendulum to reverse course the budget of our country must be balanced without shocking it. Lower spending must occur.

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