

SAVERS & INVESTORS LEAGUE

September 27, 2005

W. Thomas Kelly
President

Mr. Connie Mack, Chairman
Tax Reform Panel
1440 New York Avenue NW
Suite 2100
Washington, DC 20220

Dear Chairman Mack:

Our U.S. economy and our people's financial well being suffer immensely from our government's abject submission to three false idolized tax notions: tax expenditures, static scoring and tax revenue neutrality.

Individually, these tax dogmas are known to be erroneous, incomplete and/or shortsighted. Collectively, they create taxation chaos. However, they are worshipped in government as inviolable truths.

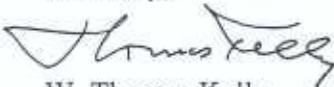
These three tax notions create tax revenue estimates that guide our nation down highly deficient tax policy paths. Tax revenue gains occur when losses are forecasted and vice versa. They produce actual tax revenue gains and losses that bear little resemblance to related forecasts. Collectively, they create voluminous and unfathomable tax law, regulations and rulings.

Our nation has lost multi-trillions of dollars of otherwise available economic growth that just never occurred due to our government's slavish worship of these three idolized notions. These economic losses mean that multi-millions of otherwise available jobs and ever-increasing standards of living for everyone never occurred. Similarly, multi-billions of capital growth that should have occurred didn't occur due to these false notions. These huge, senseless losses will continue to occur, grow and compound into the future unless and until corrective action is taken.

The forthcoming tax reform panel's report will be useless unless it cries out for immediate action by Congress and the Administration to reject these three false tax notions and to establish sound common sense methods for tax revenue forecasts and related tax policy formulation. The usual claim by the high priests of tax estimation methodology is that "changes are not ready for prime time" and that "they (the high priests of this tax ideology, i.e. bureaucrats) are the only ones that can properly do this kind of ethereal work." Such claims are nonsense.

The panel's resolute call for a complete, immediate overhaul of tax revenue forecasting methodology and of related tax policy formulation will be a non-partisan, gargantuan step forward that is long, long overdue. Our nation, and the world, will prosper therefrom mightily.

Sincerely,



W. Thomas Kelly

PS: In the interest of broad consideration, critical appraisal and public debate, the League is distributing this letter widely.

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An open letter to the media—

The Forthcoming Tax Reform Panel Report

The accompanying letter to Chairman Mack is an accurate portrayal of three basic faults within our government's attempts to forecast our nation's economy and the tax receipts flowing therefrom. The past, present and future economic damage from these three faults can only be described as colossal.

These three faults impact every person, young or old, poor or rich, employed, unemployed or retired. These three faults were not explained to panel members because they are well known to them. However, the general public is not familiar with this inside-the-beltway terminology.

Thus, the media has a great opportunity to describe or explain these arcane terms to their audience. Readers, listeners and viewers will absorb your news like a sponge—they are so important.

You may agree or disagree with the views expressed in the League's letter. The League urges all parties to express their views forcefully. It is in the public interest.

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