

T. MARK STAMM
10033 Chartwell Manor Court
Potomac, Maryland 20854
Home: (301) 365-9210
Office: (703) 917-8300

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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May 9, 2005

Connie Mack, III
Chairman
The President's Advisory Panel on Federal Tax Reform
1440 New York Avenue, N.W., Suite 2100
Washington, D.C. 20220

Dear Mr. Mack:

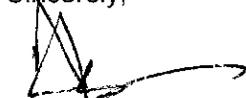
Since you have asked for input, here's mine:

- ♦ Go for a flat tax with a large personal deduction and no other deductions – not mortgage, not charity – nothing.
- ♦ Educate people about how much time and money is spent in (unproductive) compliance with the present system. Walk a person through a typical day, and point out which costs and activities are solely for compliance with these laws. How much time and money is spent on lawyers, accountants, paper, software, etc. that serves no purpose except compliance/avoidance. Put it on a level people understand – for example, how many file cabinets are there in the country today (or produced each year)? How many would be needed if we had a flat tax?
- ♦ Mandate that things be called what they really are. A "refundable tax credit" should be called "welfare". Spending is spending – not "investment". Reduced taxes don't "go to" an individual – they allow that person to keep more of his own money. Until weasel-words become unacceptable through constant correction, most people will remain deceived by advocates on both sides.
- ♦ Decide whether the income tax is for funding the government, behavior modification or wealth redistribution. Once you've decided, clearly say so. Perhaps everyone will agree – maybe not.
- ♦ Everyone who has income should pay income tax. Exempting almost 50% of earners from income tax creates obvious problems. Who wouldn't support more "give me" when the cost is borne by someone else?

Our current system is a mess, perpetuated by those who want to be heroes by giving away other peoples' money

I support your efforts.

Sincerely,



T. Mark Stamm

TMS/mjl