

The President's Advisory Panel on
Federal Tax Reform

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**Meeting Minutes of the President's Advisory Panel on Federal Tax Reform
October 11, 2005**

The eleventh meeting of the President's Advisory on Federal Tax Reform was held on Tuesday, October 11, 2005 at 10:00 a.m. The meeting was held at the Renaissance Hotel, 999 9th Street, N.W., Washington, DC 20001. The following panel members were present at the meeting:

The Honorable Connie Mack, Chairman
The Honorable John Breaux, Vice Chairman
The Honorable William Eldridge Frenzel
Elizabeth Garrett (via telephone)
Edward Lazear
Timothy J. Muris
James Michael Poterba
Charles O. Rossotti
Liz Ann Sonders

The following staff were present at the meeting:

Jeffrey Kupfer, Executive Director
Jonathan Ackerman
Rosanne Altshuler
Tara Bradshaw
Itai Grinberg
Kanon McGill

Mark S. Kaizen, Designated Federal Officer
Kirsten N. Witter

The panel discussed partial replacement of the current income tax system with a Value Added Tax, full replacement of the current income tax system with a National Retail Sales Tax, and tax preferences for employer-provided health insurance, housing and charitable contributions. Based on these presentations the Panel made the following decisions:

- The staff will draft a proposal for a partial-replacement Value Added Tax for further consideration on October 18, 2005.
- The Panel considered a cap on the exclusion from income for employer-provided health insurance; if a cap is instituted, it should be indexed to inflation.
- The deduction for charitable contributions should be amended to provide incentives for charitable giving to non-itemizers; oversight of charitable regulations should be increased to limit abuse; and a system of third-party information reporting should be instituted.

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- The current tax incentives for home ownership are not shared equally and a modification of current home mortgage interest deduction should be considered; however, transition rules must be included in any proposed modification
- The Panel recommendations will not include a National Retail Sales Tax.

The attached transcript and presentation materials accurately describe each matter that was discussed by the Panel at the meeting.

These minutes are certified as true and correct.

Handwritten signature of Connie Mack in cursive script.

Connie Mack
Chairman

11-3-05

Date