Fishman's Framework for Tax Reform

The tax reform plan that saves our middle class!

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Introduction

The battle for the future of America has begun, and revolves around the tax reforms that will be enacted into law in the next couple of years. On the one hand, there is a small number of wealthy individuals and corporations whose tax policies will destroy the middle class by continuing to ship American jobs overseas, defund public education, defund Medicare, and bankrupt Social Security. If they succeed, we will end up with a modern day feudal system, complete with a very small middle class and a very large group of unskilled, poorly educated working class people, ruled by an elite few.

On the other hand, there are those who seek to save and expand the middle class through tax policies that will provide the programs and services necessary to ensure that we have a very large, highly skilled, highly educated and politically active majority.

If you believe that we should save and expand our middle class, then the basic prerequisites needed for this to happen are:

- Millions of high paying jobs.
- A great public educational system
- Affordable, high quality health care for everyone.
- A solvent Social Security system.

To create the programs, services and jobs necessary to ensure the continuation and expansion of our middle class, we need to:

- Restructure the tax code to require that all corporations and individuals pay their fair share of taxes.
- Restructure the tax code to provide the revenue necessary to properly fund the programs our society deems important.
- Place new taxes on foreign imports to protect American manufacturers and workers from unfair competition.
- Re-prioritize our budget expenditures.
- Pay down the national debt.

This tax reform plan accomplishes all of the above. And, the reforms set forth in this proposal will be readily accepted by a majority of Americans because it is written from the perspective of, and meets the objectives of republicans, democrats and independents. These include:

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- Lower personal, business and capital gains taxes
- Eliminating personal income taxes
- Eliminating the estate tax for over 98% of Americans
- Funding all government programs while running a budget surplus
- Resolving Social Security's long-term funding problem (forever)
- Creating and fully funding National Health Care
- Expanding public education to include college and vocational school, free of charge
- Creating millions of high paying jobs
- Repairing our deteriorating infrastructure
- Ending our dependence on fossil fuels
- Helping each state with their fiscal responsibilities

After reviewing these accomplishments, liberals, conservatives and independents will find that their goals have been met. However, they will also find programs and services that they do not agree with. It is at this point they will have to accept the inevitable, which is that in order to get want they want, they will have to agree to let their nemeses get what they want. This is called compromise, and this is one of the keys to this tax reform plan.

The first step on the road to tax reform required the examination of the current tax code from the perspective of simplicity and fairness. This assessment immediately revealed the tax code to be so fundamentally flawed and convoluted that even our most sophisticated tax specialist find it inadequate, inequitable, and incomprehensible. And, the main reason for this fiasco is the tax deduction.

The continuing creation of tax deductions has increased the tax code to over 13,500 pages, and every year it increases because every year politicians create more and more tax deductions. Politicians create these deductions in response to the desires of some of their influential constituents who want to pay less in taxes. This results in a tax code that re-distributes wealth upwards, decreases the amount of revenue available to properly fund the programs our society deems important, and leads directly to waste, fraud and corruption.

Therefore, the best first step we can take to rectify this situation is to eliminate the tax deduction, and that is exactly what this tax reform plan does. This proposal eliminates all tax deductions with no exceptions. A tax system absent of all deductions allows the employment of simple solutions to the inherent complexities of taxation, and when combined with the re-prioritization of our funding policies, results is a tax code that is simple and fair and champions the middle class.

It is the simple solutions advocated in this reform plan that makes everyone pay their fair share of taxes, and when everyone pays their fair share of taxes government revenue increases. For example, and based on very conservative numbers, if this new tax system had been in place for fiscal 2007, then instead of raising $2.4 trillion dollars, we would have raised a staggering $3.35 trillion dollars. And, in contrast to the 2007 year budget which will operate on $2.8 trillion dollars (creating a $400 billion dollar deficit), this tax reform plans 2007 year budget would have operated on a $3.35 trillion dollar budget, creating a budget surplus of $550 billion dollars. <u>This means that for that year we would have had almost a trillion dollars more to fully fund all government programs, finance new programs, and begin to pay down the national debt</u>. <u>And, as astonishing as this may seem, it was accomplished by lowering taxes</u>! (See revenue projections and sources, pages 117-120.)

In addition to raising almost a trillion dollars more per year than we currently do, this tax reform plan:

1) Places new taxes on imports that will discourage American manufacturers from closing their plants in the United States and opening them up in foreign countries.

2) Requires all major components of the light rail and mass transit systems funded in this proposal be manufactured in the United States.

3) Requires all major components of the technologies that will be used for the transition from polluting, non-renewable energy sources and technologies to renewable, non-polluting energy sources and technologies be manufactured in the United States.

4) Funds the rebuilding of our deteriorating infra-structure.

5) Allows all academically qualified students the opportunity to attend college or vocational school free of charge.

6) Funds research and development proposals for science, technology and medicine in all 50 states

7) Solves each state's fiscal crisis

For all these reasons and more that you will find as you read through this proposal, this tax reform plan is actually the most important economic growth and stimulus plan ever proposed. Millions of Americans will be put back to work in high paying jobs, economic activity will increase, our economy will expand and the middle class will prosper.

And finally, no serious attempt at tax reform can occur without addressing the out of control spending associated with the Department of Defense. In his farewell address, President Eisenhower warned us of the impending economic dangers associated with a permanent, military-industrial complex. Unfortunately, Congress has been either unwilling or unable to control the over-funding of this department. This has resulted in trillions of dollars spent on our nation's defense without the safeguards necessary to ensure that we have done so without wasting our tax dollars.

This tax reform plan addresses the problem by simply reducing the budget for the Department of Defense. Reducing the budget for the Department of Defense will not in any way compromise its ability to provide for our national security. What it will accomplish, however, is to preclude it from spending money on projects it does not need, and force it to deal with the waste and corruption associated with running two major wars while managing over a thousand military bases scattered around the world. This funding reduction will also make available some of the revenue necessary to finance other government programs, such as the repair and maintenance of our infra-structure, as well as other projects.

After reading this tax reform plan, you will probably be interested in examining the revenue generated by each of the new taxes. These statistics and their sources, along with a five year budget projection and other pertinent information, are found in the appendices.

Ounce you have reviewed the appendices, you will be in possession of the facts necessary to confidently inform your friends, family and adversaries that this tax reform plan saves the middle class by lowering taxes. And, among other accomplishments, funds all current

programs, creates and fully funds National Health Care, makes Social Security solvent forever, allows all qualified students the opportunity to attend college or vocational school free of charge, creates millions of high paying jobs, and pays down the national debt.

It is my hope that you will then begin discussions with as many people as possible in order to create the ground swell of support that will be needed to pressure our elected officials to enact into law the reforms set forth in this proposal. Unfortunately, fierce opposition to these reforms, especially the reform that eliminates all tax deductions, will be lead by the very people and corporations who now benefit the most from the inherent inequities imbedded within the current tax system.

They will begin by bombarding the airwaves with misinformation about the effects this reform plan will have. They will have their spokespeople label this plan as socialist, communist and fascist, and make up imaginary, doomsday scenarios in an attempt to confuse the public and make them fearful about the changes that will occur. And, most insidious of all, they will exert their enormous influence on the Congressmen and Senators they helped elect to block all attempts at any tax reform that would require them to pay their fair share of the tax burden.

It will then be up to us, the public, to demand that our collective voices be heard as one voice, demanding that our tax code be reformed so that everyone pays their fair share of taxes. However, if your elected officials refuse to advocate for the reforms set forth in this proposal, it is my hope that you will find candidates to run against these Congressmen and Senators who will.

I would like to emphasize that this tax reform plan is not an attempt to solve all tax problems. As stated in the title it is a "framework," a guide for the basis of tax reform. It addresses major areas of concern and uses the principles of simplicity and fairness to solve them. It is my hope that others will use these same principles as they continue to reform other aspects of taxation.

To make the reading and understanding of this proposal easier, an executive summary follows this introduction. Additionally, a discussion of each proposal has been placed prior to the proposed solution, distinguished by different colors and fonts. This will allow you to familiarize yourself with its concepts and explanations and give some background before you read the tax reform plan by itself.

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Mark Lewis Fishman

Executive Summary

Even a cursory glance at the current tax code reveals the obvious truth which is that the tax deduction is one of the main causes of tax fraud and corruption, and prevents the collection of everyone's fair share of the tax burden. No serious attempt at tax reform can take place without addressing this problem.

Section 1.(a) begins to address this problem by replacing the business tax on net profits with a small tax on gross sales. The tax on gross sales eliminates the need to use tax deductions in an attempt to lower the net profit in order to lower the tax liability. This straight forward reform will immediately stop most of the business tax fraud seen today.

Since the tax on gross sales is so small, it allows for the expansion of payroll taxes to include an increase in the Medicare obligation, along with a new payroll tax for National Health Care. Corporations will accept their expanded payroll obligations because their overall tax liability has been lowered. And, since the tax on gross sales makes <u>all</u> corporations pay their fair share of taxes, government revenue increases.

Section 2. further addresses the problem of tax deductions by replacing the current federal income tax with "Individual Payroll Taxes." Eliminating personal income taxes removes the need to use deductions in an attempt to lower the tax liability. This helps to eliminate a root cause of tax fraud and makes everyone pay their fair share of taxes. And, when everyone pays their fair share of taxes, government revenue increases.

The elimination of personal income taxes allows for an increase in the payroll taxes for Medicare and Social Security, and new payroll taxes for National Health Care and Public Education. Taxpayers will accept their increased payroll tax obligations for two reasons. First, their overall taxes have been reduced, and second, they are now the beneficiaries of National Health Care, a solvent Social Security system, and free college.

Section 1.(b) and Section 2. resolve Social Security's long-term funding problem. The existing business payroll tax obligation to Social Security is 6.2% and is based on the employee's annual gross wage. This obligation, however, stops at $106,800.00.00. Section 1(b) removes this $106,800.00 cap. It also lowers the business payroll tax obligation to Social Security from 6.2% to 5.2%. Even though the business payroll tax obligation to Social Security has been decreased, the long-term solvency of Social Security has been resolved. This has been accomplished by:

1. Removing the $106,800.00 cap on the business tax obligation to Social Security (Section 1.(b)
2. Removing the $106,800.00 cap on the individual's tax obligation to Social Security (Section 2.)
3. Increasing the individual's tax obligation to Social Security from 6.2% to 7.2%. (Section 2.)
4. Limiting Social Security benefits for those making over $75,000.00 per year during their eligible retirement years. (Section 3.(a)

Section 1.(b) and Section 2. fund Medicare and National Health Care. Medicare currently receives funding based on 2.9% of annual gross wages (1.45% from business and 1.45% from individuals). In this plan, Medicare will receive 2.8% based on the individual's annual gross wages from business, and 3% from the individual's annual gross income. This totals 5.8% and doubles the current funding for Medicare.

National Health Care will receive 3% of income from individuals, and 3% from business based on wages. This totals 6%. When Medicare's funding of 5.8% is added to National Health Care's funding of 6%, National Health Care funding now totals 11.8%.

Section 2.iv. funds Public Education by creating a 1% payroll tax on annual gross income. This raises almost $90 billion per year. When combined with the states' reimbursement money from Section 8.o., $163 billion per year, public education receives a 455% funding increase. Students will now attend fully funded public schools and all academically qualified students will be able to go to college or vocational school free of charge.

Section 1.(c) ii addresses the problem of American workers losing their jobs to foreign workers due to the closing of American manufacturing plants in the United States that are reopened in foreign countries. These factories are opened in countries that provide the cheapest labor (usually based on unfair wages and unsafe working conditions) and the least regulation regarding human rights and environmental protection. Section 1.(c) ii addresses this problem by placing additional taxes on the products manufactured and imported under these conditions.

Section 3. codifies into law our national priorities by requiring the full funding of Social Security, Public Education, Medicare, and National Health Care (Medicare is expanded into National Health Care) before any other programs are funded.

This tax reform plan also counters the regressive nature of the current tax code by implementing tax policies that share the tax burden equally.

Section 1. creates a progressive gross business tax schedule that makes <u>all</u> business pay their fair share of the tax burden.

Section 2. creates a progressive payroll tax schedule that makes <u>every taxpayer</u> pay their fair share of the tax burden.

Section 1.(b) iii requires <u>all</u> employers to contribute to National Health Care whether their employees are full-time or part-time. It bases the contribution on the employee's annual gross wage, and there is no upper limit to taxable wages.

Section 2. requires <u>all</u> employees to contribute to National Health Care based on their annual gross income, and there is no upper limit to taxable income.

Section 4. creates a National Sales Tax of 5%. The National Sales Tax requires everyone to contribute to the national welfare. However, a sales tax is regressive in nature because it impacts the poor much more so than the rich. Therefore, this tax is kept low and exempts groceries, medicines, speculative financial instruments, property and gasoline.

Section 9. institutes a government rebate for those taxpayer's whose annual income is less than $22,500.00 per year.

The tax code has been restructured so that capital gains are now taxed at a lower rate, new taxes have been created to fund programs and services, and a new department has been created that will lower health care costs.

Section 5. creates a 1% transaction tax on the purchase of a property or a business.

Section 6. lowers the capital gains tax on speculative financial instruments and collectables.

Short term capitol gains are taxed at 27.5%, and long term capitol gains are taxed at 13.5%.

Section 7.(a) exempts the first $5 million dollars of a deceased's estate from taxation. Above $5 million dollars the tax is 50%. Up to 10% of the taxable assets may be donated to nonprofit organizations that are not controlled by nor have family member(s) of the deceased estate on their board of directors or in other capacities.

Section 7.(b) i.1) increases the tax on gasoline from $0.185 to $0.285 per gallon.

Section 7.(b) i.2) directs $0.10 of this money be used only for the construction of the infrastructure necessary to implement the use of renewable, nonpolluting energy sources and technologies.

Section 7.(b)i 3) requires all major components of the new infra-structure dedicated to transitioning our economy to renewable, non-polluting energies and technologies, such as solar panels, wind turbines, and high speed trains and their engines <u>be manufactured in the United States</u>.

Section 7.(b) ii. closes the last loophole that allowed for the exploitation of public land without fair compensation. It also increases royalties paid to the government by 1%.

Section 8. sends back to the states 30% of the non-income based tax revenue collected by the federal government. This reimbursement money is based on each state's population, and requires 100% of this reimbursement money be spent on projects ranging from public education, medical schools, research and development proposals for science, technology and medicine to other programs and services that benefit their residents.

Section 10. creates and funds a new department, the Department of Alternative Medicine. It directs this institution to fund clinical trials using non-toxic protocols for the prevention and treatment of cancer and other chronic diseases.

A Brief Discussion of Fishman's Framework for Tax Reform

Business Taxes - Gross Sales Tax - Discussion

The point of being in business is to make money. Corporations take this very seriously and realize that the less they pay in taxes the more money they make. The current tax code affords them this opportunity due to a structural defect in the tax code, and that structural defect is the business tax deduction. It works like this: The business subtracts from its gross sales those deductions found in the tax code they think applies to their situation and labels the resulting number the net profit. The net profit is then used as the basis for determining the taxes owed. Currently, the first $50,000.00 of net profit is taxed at 15%, and above $50,000.00 of net profit the tax increases up to 39%. This creates a very strong incentive to add as many deductions to the tax code as possible in order to reduce the net profit so that the corresponding tax liability is lowered.

Natural Law states, "The success of some is to the detriment of others." In relation to the tax code, this means that those businesses that are successful when they lobby Congress for the tax breaks they want will end up paying less in taxes. This gives them a serious advantage over other businesses, and over time the army of lobbyists who represent the more successful corporations usually convince Congress to create even more deductions. This results in the specialty deductions that permeate our tax code and makes our tax code inadequate, illogical, incomprehensible and unfair.

Today, the tax code is filled with so many deductions and specially crafted tax breaks that some businesses that are very profitable pay very little in taxes or pay nothing in taxes or even have money refunded to them from the little amount of taxes they paid in previous years. The tax code is so complex that entirely new businesses have evolved that make their money navigating corporations through the tax code. They take their payments in the form of percentage-based contingency fees on the tax money they save their clients. The structural defect of allowing a business to apply tax deductions to their gross sales, which lowers the tax liability, certainly does not work in terms of collecting everyone's fair share of the tax burden, and leads to the inherent inequities that permeate the tax code.

Added to this is one of the worst aspects of the human condition: greed. Greed encourages businesses to be "creative" when deciding which deductions they think apply to their case. The record is filled with decisions the courts have had to render against those that thought they could get out of paying taxes by claiming deductions that did not apply to them. The structural defect of allowing tax deductions to exist has led directly to the waste, fraud and corruption we see today.

The best first step we can take to correct this situation is to replace the business tax on net profits with a small tax on gross sales. By definition, the tax on gross sales means that there are no deductions. This simple, straightforward reform takes away the basic incentive for most of the fraud currently associated with the business tax code. It is not the entire panacea for mankind's nefarious activities but it is the best first step we can take. Simplifying the tax code via this reform accomplishes the following:

1. It takes away the basic structural defect that encourages waste, fraud and corruption: the tax deduction.
2. It levels the playing field of taxation, so now all businesses will be paying taxes and all businesses will be paying at the same rates.

3. Since all businesses will be paying taxes, government revenue from the federal business tax will increase from $354 billion dollars (fiscal 2006) to at least $497 billion dollars per year. (See Appendix H.)
4. The tax on gross sales rewards businesses for being more profitable. The major problem with the existing tax code is that it penalizes corporations with higher taxes as they become more profitable. This encourages the use of tax deductions in an attempt to lower the net profits so that the corresponding tax liability is lowered. This reform does just the opposite. Since the tax on gross sales remains the same no matter how high the net profits might increase to, it rewards business for being more profitable by not increasing corporate taxes as profits rise. (See Appendix B.)
5. Since the tax on gross sales is so small, corporations will readily accept their expanded payroll obligations for National Health and Medicare because their overall tax liability has been lowered. (See Appendix B.)
6. It means that the business tax is now so easy to calculate that anyone can learn to do it in less than two minutes. This will save corporations thousands of dollars in accounting fees.
7. Eliminating the tax deduction also means that the peripheral businesses that have grown up around this defect, whose sole purpose has been to reduce, delay or eliminate the taxes owed, will find new and better ways to become more productive assets to society.

Of course, there will be those who will complain that the tax on gross sales is unfair because it will tax a business during a time when a business may not be profitable. However, these critics do not make the same argument in relation to other business expenses. For example, they do not demand that the landlord forgo collecting the rent during the time when the tenant is not making a profit. Nor do they demand payment exemptions from the vendors they purchase goods from, or for the business license, attorney fees, accounting fees or other costs associated with running a business during the time when a business is losing money.

The concept of eliminating all business deductions will be very difficult for some to accept. There will be those who will argue that taking away the business deduction will lead to the downfall of our economic system. This is nonsense. Eliminating the business deduction and replacing it with a small tax on gross sales is actually capitalism in its purest form. Now, all businesses will compete on a level playing field and the inequity associated with our current tax system will be eliminated. Things will be bought and sold according to market conditions, not because of imaginary considerations and questionable practices.

After the initial criticism dies down, the tax on gross sales will be seen as just another business expense that must be accounted for when one decides to be in business. The small tax on gross sales will not be the deciding factor that determines whether a business is successful or not. However, it will ensure that the government collects revenue from all businesses no matter how big, no matter how small and no matter how profitable

Business Taxes - Gross Sales Tax - The solution

1. **BUSINESS TAXES** (Businesses defined as, but not limited to corporations, general partnerships, sole proprietors, etc.)

a. Gross Sales Tax

The Gross Sales Tax applies to all businesses operating within the United States; on all their products and services sold within the United States and to foreign countries. There are absolutely no deductions of any kind.

Bracket	Gross Sales		Percentage		Tax Base
1	under $250,000.00 x		0.50%	= $	
2	from $250,000.00 and under $500,000.00	x	0.75%	=	
3	from $500,000.00 and under $1Million	x	1.00%	=	
4	from $1Million and under $2.5Million	x	1.30%	=	
5	from $2.5Million and under $5Million	x	1.70%	=	
6	from $5Million and under $10Million	x	1.90%	=	
7	from $10Million and under $50Million	x	2.10%	=	
8	$50Million and more	x	2.25%	=	_____
			Total Amount Due:	**$**	

In ascending order, separate the annual gross sales into the appropriate bracket(s), multiply by the corresponding percentage, and place the results in the **Tax Base** column. Add the results in the **Tax Base** column together to determine the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (See examples in Appendix A.)

1) This tax will cover the vast majority of businesses. An independent committee, appointed by congress, shall determine the exceptions and make the appropriate tax obligation adjustments so that those businesses granted exception status shall pay their business taxes equivalent to businesses who are paying the business gross sales tax.

2) It is specifically understood that all members of this independent committee shall have no financial ties to any business or subsidiary of any business that would benefit from the determinations made by this committee. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to businesses or subsidiaries of businesses that would benefit from these determinations.

Business Taxes - Payroll Taxes - Discussion

In this tax reform proposal, the business payroll taxes for Social Security and Medicare have been adjusted slightly upwards from its current total of 7.65% (1.45% for Medicare and 6.2% for Social Security) to 8%. The Medicare portion of the business payroll tax will increase from 1.45% to 2.8%, and the Social Security portion of the business payroll tax will be reduced from 6.2% to 5.2%. Additionally, the artificially imposed cap at which the current business Social Security tax obligation stops, $106,800.00, has been removed. Its removal means that the employer must continue to pay the 5.2% Social Security payroll tax obligation into the Social Security Trust Fund no matter how high the annual gross wage is. Also, a 3% payroll tax for National Health Care has been added. Business payroll tax obligations now total 11%.

At first blush it would seem that business would now be burdened with a higher tax liability. When viewed from the overall perspective of this reform plan, however, business tax liability actually goes down. (See Appendix B.)

One question that continually perplexes analysts is, "Why are business Social Security tax obligations capped at $106,800.00?" The current explanation, that contributing to Social Security on salaries over $106,800.00 places an undue financial burden on a corporation's financial health, is unjustified. It is a matter of simple logic to refute this argument.

A corporation only pays an employee $106,800.00 or more if it is successful. For example, only a successful corporation would hire an employee at an annual salary of $250,000.00. There are no corporations that would hire an employee at this salary if it could not afford to do so. It stands to reason, then, that if a corporation can afford to hire an employee at a salary that high it can afford to pay the additional $7,446.40 that would be required if the $106,800.00 payroll tax cap was removed. Therefore, the continuing tax obligation to Social Security on salaries over $106,800.00 does not constitute an undue financial burden to corporations.

The reality is that corporations do not want to pay taxes. For that matter, corporations do not want to pay any financial obligation because any time a financial obligation is paid, less money is retained in the form of profit. The corporate position is simply to advocate for the abolition of any financial obligation it can legally avoid.

From this point of view, it is easy to understand why corporations have lobbied so hard to create a two-tiered Social Security system. The money corporations do not pay into Social Security on salaries over $106,800.00 simply represents a giant windfall profit to business. Unfortunately, it also creates two unequal salary levels which inevitably leads to the unfairness that permeates our tax system.

All salaries should be treated equally before the eyes of Social Security. This tax reform plan accomplishes this goal by eliminating the artificially imposed $106,800.00 cap. After this has been achieved, all salaries will be treated uniformly before the eyes of Social Security, and the windfall profits corporations currently make by not paying into the Social Security Trust Fund on salaries over $106,800.00 will be redirected into the Social Security Trust Fund. The corporation will suffer no ill effects and the new payroll tax revenue will help to guarantee the solvency of Social Security.

As for Medicare, increasing the business payroll tax from 1.45% to 2.8% based on employee annual gross wages represents a profound shift in the funding of this program. Combined with the individual's contribution, which is indexed to annual gross income, funding for Medicare almost doubles. This accomplishment is not to the detriment of business. Remember, business was paying a combined payroll tax of 7.65% between Medicare and Social Security, and now they will be paying a total of only 8%. When viewed from the totality of this plan, overall business tax liability goes down.

The addition of the small payroll tax dedicated to National Health Care will actually save money for most businesses. Today, most major businesses contract with private healthcare insurers to supply health care for their employees. The costs are continually increasing and can run as high as $900.00 per month per employee. In this plan, National Health Care replaces for-profit health insurance companies and the cost to business is significantly reduced. For example, if an employee earns $50,000.00 per year, the overall health care liability is only $125.00 per month (3% times $50,000.00 equals $1,500.00 per year, $125.00 per month). This represents a huge savings to business.

<u>Since all businesses will now be required to contribute to National Health Care, there will no longer be an incentive for some businesses to reduce their employees to part-time status in order to avoid paying for health care</u>. This levels the playing field for American businesses. And, because employer contributions are supplemented by employee contributions, and the revenue

from Medicare will be incorporated into the National Health Care Trust Fund, National Health Care will be fully funded.

An added benefit from National Health Care is the effect it will have on business worker compensation premiums. Since everyone is now covered by National Health Care, and since it has already been paid for, that portion of the premium dedicated to the injured workers medical care will be eliminated. The money saved by paying this lower premium will present as a giant windfall profit to business. The combination of the small tax on gross sales and the lower premium for workers compensation will translate into lower overall corporate taxes, and this will be part of the basis for their acceptance of this tax reform plan.

1. Business Taxes - Payroll Taxes - The Solution

b. **Business Payroll Taxes**

Business payroll taxes apply to all businesses operating within the United States. These taxes are collected and sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006.

i. Medicare:
2.8% tax based on employee annual gross wages, with no upper limit, whether the employee is working full-time or part-time.

ii. Social Security:
5.2% tax based on employee annual gross wages, with no upper limit, whether the employee is working full-time or part-time.

iii. National Health Care:
3% tax based on employee annual gross wages, with no upper limit, whether the employee is working full-time or part-time.

iv. Employer unemployment taxes remain as per current law.

Business Taxes - Foreign Business Taxes - Discussion

Today, all types of jobs from manufacturing to service go to the nations that provide the cheapest labor and the least regulation regarding human rights and environmental protection. It goes to the countries that provide a business environment that allows for the most profit at the expense of workers and the environment. Often, this means slave labor, child labor, unfair wages, unsafe working conditions and damage to the environment. Environmental damage occurs because protection policies are not in place or, if they are, they are not enforced. These policies give the offending nation an unfair advantage related to the costs of producing goods and services. This allows them to sell their goods and services to the rest of the world at cheaper prices. This is their competitive edge.

Some American manufacturers cannot resist the cost savings (and therefore greater profits) associated with moving their facilities to these countries. This explains why American manufacturers close their plants here in the United States and open them in a foreign country. This is the main reason why American jobs are lost to foreign countries and why American workers have no sense of security regarding the jobs they have here. The threat of closing a plant and moving the operations to a foreign country, where cheap labor is based on unfair wages

and other nefarious conditions, is used as the bargaining lever to force down wages and benefits here. This puts enormous pressure on American workers to work not only for less than just and fair compensation, but also for less than a living wage.

The taxes outlined in Section 1. (c) ii directly penalize those manufacturers, whether foreign or American, that engage in these unfair practices. These taxes, when added to the invoice price of their goods and services, reflect the true cost of producing those goods and services, and also penalize them for their unjust behavior.

It is important to remember that historically, the United States imposed high tariffs on imported goods to protect domestic markets from foreign competition. However, since we now live in a global economy, it seems best to protect our manufacturing base from today's unfair competition by imposing special taxes on those goods and services that are manufactured in foreign countries that are not subject to the same policies that affect our domestic manufacturers. In this way, we can have open markets that allow all manufacturers to compete on a level playing field while at the same time improving the conditions for workers worldwide.

The effect these additional taxes will have on our economy will be immediate and positive. Since they will force production costs to rise in foreign countries, the incentive to close manufacturing plants in the United States and open them in foreign countries will diminish. When American manufacturers realize that there is no longer an advantage to outsourcing labor and service costs to foreign countries, most manufacturing will remain in the United States. In fact, some of the jobs lost to current outsourcing practices will actually return. This will result in millions of good paying jobs remaining in our country, and no one should underestimate the effects a good paying job has on our economy.

Perhaps the most immediate and wide-ranging effect will come from Section 1. (c), ii, 4), wherein it states:

> If the country of origin pays unfair wages, the tax is 50%.
> (Unfair wages defined as the country of origin paying less than 80% of wages paid in a corresponding American industry after adjusted for currency differences.)

By way of example, assume the following:

> Exchange Rate: $1 US = $10 Country "A" currency.
> American industry "B" has a prevailing wage of $20/hour.

Using these figures, Country "A" should be paying $200 of Country "A" currency per hour to their workers to be equal to the wage paid in the United States in the corresponding American industry "B." ($10 of Country "A" currency times $20.00/hour U.S.) Section 1. (c) ii, 4) states that if Country "A's" prevailing wage is less than 80% of this $200.00 per hour corresponding rate, which is $160 Country "A" currency per hour, the tax is 50%. This tax is applied to the selling price of the product as reflected on the invoice. So, if product "X" is being sold for $1,000.00, the 50% tax now makes product "X" sell for $1,500.00.

In order to avoid this tax, the manufacturer will have to pay its workers at least $160.00 of Country "A" currency per hour. If they are not in compliance with this law, the product they are trying to export to the United States will suffer the 50% tax. This will make the product economically unattractive and force it to stay in the country of origin, making no money for anyone. It will only be a matter of time before all manufacturers realize that it is better to pay fair wages to their workers and be able to export their products to the United States, than to continue with the present policy of exploiting their workers and watching their products sit on the docks, unable to enter the most lucrative market in the world.

One of the main reasons people attempt to enter the United States illegally is poverty. The crushing poverty we see in foreign countries centers around the inability of foreign countries to provide enough good paying jobs for their citizens. And, too many of the available jobs often have unsafe working conditions, lack healthcare benefits and exploit the use of children. These are the conditions that force workers to look to the United States for the jobs that will support themselves and their families.

The taxes outlined in Section 1. (c) ii address these issues. When implemented, Section 1. (c) ii will ensure fair wages and protections for workers in foreign countries, and begin to deal with the problem of child labor. Wages will go up, working conditions will improve and the exploitation of children will diminish. Workers will be able to provide a higher standard of living for their families and their future will look brighter. The resulting decline in poverty will take away the main incentive that encourages millions of immigrants to enter the United States illegally.

It should be noted that these foreign business taxes do not have to be incurred. The offending nations have twelve months from the day these taxes are signed into law to change their policies. If they do, the taxes are automatically stopped. For example, if they want to remove the 10% penalty for being nondemocratic, they simply become a democracy (freedom of speech, freedom of the press, freedom of assembly, universal suffrage, freedom of and from religion, due process, etc.). If they want to get out of the 10,000% tax imposed on the use of slave labor, they simply stop using slave labor

The critics will immediately complain that the tax policies found in Section 1. (c) ii are not the right approach. They will talk of "free trade" as the most plausible way in which to encourage economic prosperity and the transition to more democratic values in foreign countries. However, there is really no such thing as free trade, and in any event our current trade policies have not accomplished these goals. What they have accomplished, however, is to allow foreign countries to produce goods and services at prices American manufacturers and workers cannot compete with because our trade policies have not addressed the issues of, and have therefore continued to allow foreign countries to use slave labor, child labor, unfair wages, unsafe working conditions and a total disregard for the environment as the competitive edge used to produce their goods and services. Until these conditions are eliminated the critics are, in reality, defending this unjust behavior.

Since free trade (i.e., globalization) has not brought about the changes its proponents have predicted, new tactics have to be employed. These new tax policies will lead the way. Once these new taxes are signed into law, the pressure of the twelve month deadline begins. This will create more and more pressure, both internal and external, on the offending countries. As the deadline approaches, these countries will be forced to change their unjust labor policies and environmentally damaging practices or they will face economic peril.

It is likely that when the people of Europe see this new tax proposal they will understand and embrace its concepts. They will then exert enough pressure on their political leaders to compel the European Union to adopt these same tax policies. When this happens, the combined purchasing power exerted by two of the world's most successful economies should be enough to make the changes we seek. After all, the question that the offending countries will be forced to ask is: "Are the policies we employ worth preserving if it means we won't make any money?"

1. Business Taxes - Foreign Business Taxes - The Solution

c. **Foreign Business Taxes** (Foreign businesses defined as but not limited to corporations, general partnerships, sole proprietors, etc.)

i. 4% tax based on the gross sales applies to all products and services sold to the United States from foreign countries. The tax shall be paid to the United States government on a per-invoice basis at the time of the transaction.
ii. The following additional taxes shall be applied to the gross sales of all products and services sold to the United States from foreign countries. These taxes shall be paid to the United States government on a per-invoice basis at the time of the transaction. These taxes shall go into effect twelve months after they have been signed into law.
    1) If the country of origin is nondemocratic, the tax is: 10%
    2) If the country of origin uses slave labor, the tax is: 10,000%
    3) If the country of origin allows child labor that is in violation of United States child labor laws, the tax is: 500%
    4) If the country of origin pays unfair wages, the tax is: 50%
    (Unfair wages defined as the country of origin paying less than 80% of wages paid in a corresponding American industry after adjusted for currency differences.)
    5) If the country of origin does not enforce worker safety regulations to United States standards, the tax is: 30%
    6) If the country of origin does not provide worker health services equal to the health services provided by United States manufacturers, the tax is: 30%
    7) If the country of origin does not enforce environmental protection standards at least equal to those enforced in the United States, the tax is: 30%

Individual Payroll Taxes - Discussion

First, please note that the definition of income has expanded to include dividends, and under some circumstances, capitol gains. Second, payroll taxes have been expanded to include National Health Care and Public Education. Third, adding together all the payroll taxes comes to 14.2%. (Medicare: 3%; National Health Care: 3%; Social Security: 7.2%; Public Education: 1%.) And fourth, rebates apply to those individuals and family's that earn less than $22,500.00 per year (Section 9).

Like the business tax deduction, personal tax deductions have led directly to waste, fraud and corruption. These deductions have allowed some individuals who earn millions of dollars in income to pay a lesser amount of taxes, sometimes in terms of dollars and sometimes in terms of percentages, than those who do not earn enough money to take advantage of the loopholes imbedded in the current tax code. This encourages the fraud and illegal activity we see surrounding our current tax system.

When deductions are eliminated, and individual taxes are paid through the payroll tax, the shenanigans surrounding our current tax system will virtually disappear. Everyone will now be paying their fair share of taxes and when everyone pays their fair share of taxes, government revenue increases. The question then becomes, “Will eliminating personal tax deductions be the answer to all fraud and illegal activities that surround taxation?” The answer is no, however, it is the best first step we can take

Since personal income taxes have been replaced by expanded payroll taxes, and since these payroll taxes are automatically deducted from the paycheck, compliance becomes almost a non-issue. And, since these payroll taxes resolve Social Security's long-term funding problem, create and fully fund National Health Care, and allow all qualified students the opportunity to attend college free of charge (while lowering the individuals overall tax obligations), most people will simply wonder why this tax reform plan had not been implemented earlier.

Let us re-emphasize this last point. When the public realizes that their individual payroll taxes have directly financed the most important elements in their lives, and at the same time reduced their overall living expenses and taxes, they will simply wonder why this tax reform plan had not been implemented earlier. (To accurately asses the monetary savings realized by adopting this tax reform plan, please refer to Appendix D. And, for those who have additional income that is subject to the payroll tax, calculating these taxes is now so easy to do that most people can learn to do it themselves in less than two minutes. Please refer to Appendix C.)

For most taxpayers, this means no more record keeping. No more paperwork. No more strategies designed to avoid paying taxes. No more personal income taxes. No more IRS audits. It's already taken care of for you at work. The employee must simply remain vigilant to make sure that their employer has made the payments on their behalf.

Having your taxes deducted from your paycheck and submitted directly to the government means that there is now no legitimate way for individuals to get out of paying their personal taxes. This means that the bizarre scenarios mentioned earlier, where wealthy individuals end up paying less in taxes than poorer individuals, cannot occur. Since *everyone* will now be paying their fair share of taxes, government revenue will increase.

Note also the very large brackets that are used to determine the taxes owed. The first bracket, which includes income up to $100,000.00, covers the vast majority of Americans and is taxed at 10%. This 10% is used to calculate the tax base which is then used to determine the taxes owed. At this level, 14.2% of annual gross income is paid in taxes. The subsequent income brackets increase by $100,000.00 per bracket, and the corresponding percentage used to calculate the tax base for this part of their income increases by only 2%. It is very hard to argue that a progressive tax schedule with such a small percentage increase at these levels is a burden on anyone. Also, please note that Section 9 gives a tax rebate to those whose income is less than $22,500.00 per year. (To calculate individual taxes, please see Appendix C. And, to compare the taxes paid in the current system to the taxes paid from this proposal, please see Appendix D.)

Let us look at a few examples. An individual with an annual gross income of $15,000.00 would be paying $2,130.00 in payroll taxes. Since this person has earned under $22,500.00 he/she would receive a rebate of $1,100.00. This reduced his/her original payroll tax contribution from $2,130.00 to $1,030.00, an effective tax rate of 6.86%. After paying taxes, this individual has only $13,970.00 on which to live. This is a very small amount of money with which to pay rent, and utilities, purchase clothing and groceries, and other necessities.

A family of four whose annual gross income is $20,000.00 would be paying $2,840.00 in payroll taxes. Since this family earns less than $22,500.00 per year, they would receive a rebate of $2,000.00, reducing their tax from $2,840.00 to $840.00, an effective tax rate of 4.2%. After paying taxes, this family of four has only $19,160.00 on which to survive.

Contrast this with a family of four that has an annual gross income of $50,000.00. This family will pay $7,100.00 in payroll taxes and receive no rebate, an effective tax rate for them of 14.2%. However, after paying their taxes, they still have $42,900.00 on which to live. And remember,

their living expenses have been greatly reduced because they are no longer responsible for any other health care costs (National Health Care), they can send their children to excellent public schools including free college or vocational school, and they are no longer paying personal income taxes.

Let us look at a few more examples. Assume a family or an individual has annual gross income of $100,000.00. They would pay $14,200.00 in payroll taxes, an effective tax rate of 14.2%. After paying their taxes, they still have $85,800.00 on which to live. Again, they are not responsible for any more medical bills (National Health Care), their kids can go to college free, and they are no longer paying personal income taxes.

Above $100,000.00 in annual gross income, the effective tax rate continues to increase. For example, an individual or family with annual gross income of $150,000.00 would pay $22,720.00 in payroll taxes, an effective tax rate of 15.14%. After paying their taxes, they still have $127,300.00 on which to live. An individual or family with annual gross income of $250,000.00 would pay $41,180.00 in payroll taxes, an effective tax rate of 16.47%. After paying their taxes, this individual or family still has $208,820.00 on which to live.

And finally, let us look at someone who has annual gross income of $1,000,000.00 per year. This person or family would pay $269,800.00 in payroll taxes, an effective tax rate of 26.98%. After paying their taxes, this individual or family still has $730,200.00 on which to live. And, they are still the beneficiaries of National Health Care, a solvent Social Security system, and they too can send their children to college free of charge.

Annual Gross income	**Individual/ Family**	**Total Payroll Taxes paid**	**Rebate**	**Taxes Paid**	**Effective Tax Rate**
$ 15,000.00	Individual	$ 2,130.00	$1,100.00	$ 1,030.00	6.86
15,000.00	Family of 2	2,130.00	1,500.00	630.00	4.20
20,000.00	Individual	2,840.00	1,100.00	1,740.00	8.70
20,000.00	Family of 4	2,840.00	2,000.00	840.00	4.20
50,000.00	Individual	7,100.00	N/A	7,100.00	14.20
50,000.00	Family of 4	7,100.00	N/A	7,100.00	14.20
100,000.00	Ind/Family	14,200.00	N/A	14,200.00	14.20
150,000.00	Ind/Family	22,720.00	N/A	22,720.00	15.14
250,000.00	Ind/Family	41,180.00	N/A	41,180.00	16.47
320,000.00	Ind/Family	55,664.00	N/A	55,664.00	17.39
650,000.00	Ind/Family	142,000.00	N/A	142,000.00	21.84
1,000,000.00	Ind/Family	269,800.00	N/A	269,800.00	26.98

This tax reform plan also requires workers to contribute 3% of their annual gross income to National Health Care. At the present time we do not have National Health Care, however, the nation wants National Health Care (Medicare for all) and is more than willing to pay for it. Contributing 3% of employee annual gross income to help fund National Health Care is a very small burden that Americans will readily accept.

For example, a person making $20,000.00 per year would be required to contribute only $50.00 per month; a person making $30,000.00 per year would be required to contribute only $75.00 per

month, and a person making $50,000.00 per year would be required to contribute only $125.00 per month to National Health Care. Please note that this small amount is coupled with their 3% Medicare contribution and totals 6% of their annual income. This 6% contribution represents their entire healthcare liability.

Please note that National Health Care means that *everyone* is now covered and everyone is covered for all conditions. The peace of mind knowing that the entire family can go to the doctor and not worry about coverage, preexisting conditions, affordability or being out of work is worth the small, proportionate tax obligation that employees are required to pay. And, since 50% of all bankruptcies are due in part to the financial burden directly caused from unmet medical obligations, National Health Care helps eliminate a root cause of bankruptcy.

Individual Payroll Taxes - The Solution

2. **INDIVIDUAL PAYROLL TAXES**

Individual payroll taxes are taxes for Social Security, Medicare, National Health Care and Public Education. These taxes are based on the individual's annual gross income. Income includes wages, salaries, fees, commissions, rental property income, dividends, capital gains under some circumstances, the proceeds from the sale of a business, trust fund money, gifts valued at $15,000.00 and above, and any and all types of employment compensation including, but not limited to, bonuses, stock options, insurance policies, legal services, country club memberships, cars, etc. There are no upper limits to taxable annual gross income.

In ascending order, separate the annual gross income into the appropriate annual gross income bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column. Add the results in the tax base column together to determine the **Total Tax Base**. The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed to each program. Adding together the amount owed to each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (To calculate these taxes please see examples in Appendix C.)

Bracket	ANNUALGROSS INCOME		Percentage	Tax Base
1	up to $100,000.00	x	10%	= $
2	between $100,001.00 & $200,000.00	x	12%	=
3	between $200,001.00 & $300,000.00	x	14%	=
4	between $300,001.00 & $400,000.00	x	16%	=
5	between $400,001.00 & $500,000.00	x	18%	=
6	above $500,000.00	x	20%	=_____
			Total Tax Base:	**$_____**

i. multiply the Total Tax Base by 72% = Amount due Social Security
ii. multiply the Total Tax Base by 30% = Amount due Medicare
iii. multiply the Total Tax Base by 30% = Amount due National Health Care
iv. multiply the Total Tax Base by 10% = Amount due Public Education

Total Amount Due: $ _____

1) The employer shall be prohibited from paying these taxes on behalf of the employee.

2) For individuals with additional income that has not been taxed, the additional income is added to the total of their prior taxed wages/income to determine the applicable annual gross income bracket(s) of this additional income. The additional income is then placed in the appropriate bracket(s) and multiplied by the corresponding percentages, and the results are placed in the **Tax Base** column. This is added together to determine the **Total Tax Base**. The **Total Tax Base** is then used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education based upon the methodology listed above. The individual then sends the **Total Amount Due** to the government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (See examples in Appendix C.)

Social Security - Discussion

Social Security is currently funded by the payroll tax. Employees contribute 6.2% of their annual gross wages into the Social Security Trust Fund, and this amount is matched by their employer. This totals 12.4%, however, these contributions stop when wages reach $106,800.00. The question is, "Will the current funding for Social Security generate enough revenue to meet all of Social Security's future financial obligations?" The technical answer is no.

The current tax obligation provides enough revenue to pay out 100% of benefits until 2036, and this projection is based on economic growth of only 2.1% per year. Based on this very low economic projection, if nothing is done to increase revenues, then in the year 2036 benefits to recipients will be reduced by 25% through the year 2085.

The solution to ensure that all recipients receive 100% of their benefits through 2085 and beyond is simply to eliminate the artificially imposed cap on wages/income. When this occurs, both the employer and the employee will be required to pay Social Security taxes on their annual gross wage/income, no matter how high that annual gross wage/income may be. The elimination of the $106,800.00 cap will make the Social Security Trust Fund rise dramatically, and in conjunction with a benefit reduction for those who earn over $75,000.00 per year during their eligible retirement years, will make Social Security solvent forever. (Appendix E.)

This solution will also equalize the inherently unfair application of the current Social Security tax. Since most Americans earn less than $106,800.00 per year, most Americans are taxed on 100% of their income. However, as incomes rise above this level, and since this income is not subject to the Social Security tax, the high income earners are spared the application of the Social Security tax on the balance of their total income. The money not paid in taxes on income over $106,800.00 affords the rich a huge tax break, effectively distributing wealth upwards.

For example, someone who earns $50,000.00 per years pays the 6.2% Social Security tax on 100% of their income ($6,621.60). An individual who earns $106,800.00 per year also pays the Social Security tax on 100% of their income ($6,621.60). However, someone who earns $250,000 annually only pays Social Security taxes on the first $106,800.00 of their income ($6,621.60). The next $143,200.00 is not taxed, saving this person $8,878.40 in taxes. A person

who earns $500,000.00 per year again only pays Social Security taxes on the first $106,800.00 of their income, leaving $393,200.00 not subject to the Social Security tax, permitting this individual to save $24,378.40 in taxes. And, a person who earns $1,000,000.00 per year still pays only $6,621.60 in Social Security taxes, leaving $893,200.00 not subject to the Social Security tax, saving this person $55,378.40 per year in taxes. And, so on and so forth.

Annual Income	Income subject to Social Security tax	Social Security tax paid	Income not subject to Social Security tax	Additional taxes that should be paid
$ 50,000.00	$ 50,000.00	$3,100.00	$ 0.00	$ 0.00
106,800.00	106,800.00	6,621.60	0.00	0.00
250,000.00	106,800.00	6,621.60	143,200.00	8,878.40
500,000.00	106,800.00	6,621.60	393,200.00	24,378.40
1,000,000.00	106,800.00	6,621.60	893,200.00	55,378.40

The inequity of distributing wealth upwards by not paying Social Security taxes on income above $106,800.00 is eliminated by removing the artificially imposed cap on earnings. When the cap is removed, everyone pays their fair share of taxes, and when everyone pays their fair share of taxes, Social Security revenues rise dramatically,

It should be noted that Social Security, like Medicare, has been referred to as an entitlement program. This has come to mean that recipients are receiving something for nothing, something that they are not really entitled to. This is factually incorrect. It must be emphasized that both Medicare and Social Security are insurance programs that everyone pays into during their entire working career. As such, everyone is "entitled" to the benefits they receive because they paid for it.

In order to help ensure the solvency of Social Security, some form of benefit reduction must be put in place. Since Social Security is an insurance program designed to pay benefits to disabled adults and children who have limited income and resources, and to help keep us financially solvent and to make our lives easier when we retire, it is only fair that benefits be prorated according to income during our eligible retirement years. The schedule below ensures that the vast majority of Americans will receive 100% of possible benefits. Only those who have income greater than $75,000.00 per year during their eligible retirement years will be affected.

Of course there will always be those who complain that they want all of their Social Security money coming back to them. “After all,” they say, “it’s my money.” However, you never hear these critics demand their money back from the fire insurance companies they paid simply because their house did not burn down, nor do you hear them demand their money back from the auto insurance companies if they were never in a car accident. The good news for those who have income greater than $75,000.00 per year during their eligible years, is that if they ever fall below that level, they will get 100% of the benefits owed.

Social Security is arguably the government’s most successful program of all time. For over 75 years it has consistently met its financial obligations. It has administrative costs of less than 5%. In fact, it is so successful that the government borrows from the Social Security Trust Fund to pay for other government programs. So, we should scrutinize with great care the plan President Bush and a tiny minority of his supporters are presenting to “save” the future of Social Security due to a projected solvency problem.

An article in *The Los Angeles Times* (12/10/2004), reports that President Bush has ruled out the possibility of raising the business payroll tax to help fix the projected Social Security solvency problem. Instead, the President wants to "privatize" a part of the system. The President and his supporters claim that privatizing Social Security will ensure financial gains for younger workers when they retire that will be greater than the money guaranteed to them through Social Security.

Privatizing Social Security really means diverting up to 4% of the workers' 6.2% payroll tax contribution to private accounts. These are private accounts in which the average person is supposed to be able to manage his/her portfolio to bring about gains that would be greater at time of retirement than the payments guaranteed to them by Social Security. This is nonsense. Since professional financial planners will not give you this guarantee, how can anyone believe that those with the least experience in financial matters will somehow be able to pull off this accomplishment?

It is interesting to note that President Bush and his supporters have made no guarantees that their plan will actually work. They have not opened escrow accounts with their own money to cover the impending financial disaster, should it occur. The only real guarantee is that the brokerage houses that maintain these privatized accounts will make money. They will make money by charging custodial and or administrative fees for the privilege of allowing them to hold your money. They will also make money on the transactions that take place in your account. It is good for them but there is no guarantee that the individual investor will make any money.

Diverting up to 4 % of the employees' 6.2% payroll tax contribution to private accounts means that up to 32% of the money going into the Social Security trust fund is no longer there. This does nothing to solve the potential solvency problem of Social Security. In fact, diverting this money to private accounts actually creates a funding problem since today's payroll tax contributions are paying for the current retired worker's benefits.

The act of diverting a significant portion of the individual's contribution from the common pool of money means that this newly created shortfall will have to be covered by borrowed money. The analysts are saying that the government will have to borrow between one and ten trillion dollars in the short run to make up for this lost revenue, and this borrowed money will be added to our national debt. This is a highly irresponsible thing to do and does nothing to solve the potential solvency problem of Social Security. In fact, taking money out of the system guarantees that a future solvency problem will exist. It only takes a minimum of common sense to figure out that the way to save Social Security is not by taking money out of the system, but by adding money to it. This reform plan does just that.

The solution to the potential solvency problem of Social Security does not require the borrowing of any money. The solution is simply to eliminate the artificially imposed cap on the gross income of the individual, and the artificially imposed cap on the employer's matching contribution, and through the limitation of benefits cited earlier. All that is needed now is for Congress to enact these reforms into law so that the American worker will know that at the time of their retirement, Social Security will really mean social security.

Authors note: There is no logical reason to privatize Social Security because we already have private retirement accounts. These are called 401(k), SEP IRA and Roth accounts. These plans allow the individual to direct his/her contributions into pre-approved investments. It is imperative to point out that we have just witnessed a catastrophe related to our existing 401(k), SEP IRA and Roth plans. The recent economic collapse will inevitably happen again, and if we were to have privatized Social Security, the same economic calamity that wiped out between 40% and 50% of the value of our already existing private retirement accounts would befall the newly privatized portion of Social Security. When this occurs, the economic repercussions will be almost incalculable. What

we can predict with certainty, however, is that millions of retirees will be unable to meet their financial obligations and therefore millions of people will not be able to pay their rent or mortgagees. This will force millions of senior citizens into the streets, homeless through no fault of their own, and will be one of the final blows to the middle class.

3. Social Security - The Solution

No programs shall be funded until Social Security, Medicare, National Health Care and Public Education have been fully funded.

a. **Social Security**

i. It is specifically understood that Congress shall fund any shortages that may occur if funding from Section 1. (b) and Section 2. do not cover all costs associated with the Social Security program. Congress shall not fund other programs until Medicare, National Health Care, Social Security and Public Education have been fully funded.

ii. Social Security benefits are based on taxpayer contributions made during their working years as defined by law as of January 1, 2005. The percentage of benefits paid out is based on income during eligible retirement years. Income includes wages, salaries, fees, commissions, rental property income, dividends, capital gains under some circumstances, the proceeds from the sale of a business, trust fund money, gifts valued at $15,000.00 and above, any and all types of employment compensation including, but not limited to, bonuses, stock options, insurance policies, legal services, country club memberships, cars, etc. There are no upper limits to taxable annual gross income.

iii. All eligible recipients shall receive some Social Security benefit. Those making $75,000.00 or less in annual income shall receive 100% of their Social Security Benefit. For those who earn between $75,000 and $100,000.00 in annual income, their benefit is reduced by .38% for each additional $100 they earn. Those persons earning above $100,000 in annual income shall receive a flat rate of 5% of their Social Security benefit.

For Example:

GROSS INCOME	BENEFIT
up to $75,000.00	100.00%
$75,100.00	99.62%
$80,000.00	81.00%
$90,000.00	43.00%
$95,000.00	24.00%
$99,000.00	8.80%
$99,900.00	5.38%
Above $100,000.00	5.00%
$200,000.00	5.00%
$500,000.00	5.00%

Medicare - Discussion

Medicare is currently funded by the payroll tax. Employees contribute 1.45% of their wages and this amount is matched by their employer. This totals 2.9%. However, this does not raise enough revenue to cover all projected costs for this program. This tax reform plan remedies the inadequate funding of Medicare by increasing the tax contributions from both employer and employee. In this plan, the employer contributes 2.8% based on the employee's annual gross wage, and the employee contributes 3%, of their annual gross wages/income. This totals 5.8%, and doubles the funding for Medicare. It is worth noting that businesses and individuals will gladly accept their increased payroll contributions for Medicare (and National Health Care) because in both cases their overall tax liability has decreased. (See Appendix A, B, C, D and F.)

For our senior citizens, Medicare is on the same level with Social Security. These two great programs provide the only security millions of our senior citizens can depend upon. While Social Security helps our senior citizens with their rent and other living expenses, Medicare is the program that provides peace of mind for their health care needs. The unfortunate aspect to Medicare is that there are not enough doctors or other health care providers who accept Medicare insurance. This is due to the inadequate compensation offered to health care providers and the limiting of medical professions allowed to accept Medicare insurance.

Doubling the funding for Medicare will allow for an increase in the compensation paid to the health care professionals that provide the medical services needed by the elderly. This will automatically increase the number of providers and will make it easier for our senior citizens to obtain the health care services they need. Additionally, this reform plan requires Medicare to broaden its scope of medical providers to include not only Western allopathic, but also acupuncturists, chiropractors and other highly trained practitioners. This means that Medicare, along with National Health Care, will allow our citizens a broader range of medical options. The broadening of medical options will turn out to be one of the great accomplishments of this tax reform plan. And, the increased funding will also ensure that all patients receive all the services they require.

It is equally important to deal with the escalating costs associated with providing health care services to our senior citizens. This has been accomplished by creating an independent committee charged with negotiating and setting prices for all products and services associated with the Medicare program (section 3bix.). In this way, the future of our health care system will be saved from the escalating, out of control costs that threaten the viability of this great program. .

In reality, Medicare and National Health Care are single-payer government run healthcare delivery systems that take care of the medical needs of our citizens. They are separated only by age. They have been kept separate simply to allow the reader to see how things are funded. When this tax reform plan is actually implemented we can do away with the artificial distinctions between these two entities, and incorporate Medicare under the banner of National Health Care. This means that Medicare and its funding will be incorporated within National Health Care to ensure that all Americans receive best quality health care.

3. Medicare - The Solution

b. **Medicare**

The following additions and changes pertain to the current Medicare program. When Medicare and its funding become part of National Health Care, National Health Care rules and regulations shall supersede Medicare rules and regulations.

i. **Funding**

Medicare shall be funded by Section 1. (b) and Section 2. It is specifically understood that Congress shall fund any shortages that may occur if funding from Section 1. (b) and Section 2. do not cover all costs associated with the Medicare program. Congress shall not fund other programs until Medicare, National Health Care, Social Security and Public Education have been fully funded.

ii. **Eligibility**

Eligibility requirements for Medicare remain as per current law, 2006.

iii. **Health Services Covered**

This program will cover all medically necessary services, including primary care, inpatient care, outpatient care, emergency care, prescription drugs, herbal formulas, durable medical equipment, long-term care, mental health services, dentistry, eye care, chiropractic, acupuncture, and substance abuse treatment. Patients have their choice of physicians, chiropractors, acupuncturists, providers, hospitals, clinics, and practices. Medicare participants have their choice of physicians, chiropractors, acupuncturists, providers, hospitals, clinics, and practices.

iv. **Health Practitioners**

In general, Medicare shall pay physicians, dentists, doctors of osteopathy, psychologists, chiropractors, acupuncturists, doctors of optometry, nurse practitioners, nurse midwives, physicians' assistants, and other advanced practice clinicians as licensed and regulated by the States.

v. **Practitioner Scope of Practice**

It is specifically understood that licensing in one medical profession does not give license to practice in another medical profession. If a licensed health care professional in one medical profession wishes to practice in another medical profession, he/she shall go through the same schooling and licensing procedures required by law of the other medical profession.

vi. **Working Conditions**

Interns and other medical professionals shall not work more than 12 hours per shift. All medical personnel shall rest a minimum of eight (8) hours between shifts.

vii. **Nutrition**

1) All institutions that receive Medicare funding shall provide their patients with high-quality foods that emphasize a whole food, plant-based diet (fresh vegetables, fresh fruits, seeds, nuts, whole grains, etc.) with appropriate amounts of high quality lean meats and fish.

2) Fried foods and prepackaged processed foods such as canned vegetables, canned fruit, canned soups and luncheon meats are prohibited and shall not be served to patients.

3) All products that contain growth hormones are prohibited and shall not be served to patients.

4) Foods and beverages that contain refined flour, trans-fats, hydrogenated or partially hydrogenated oils, dyes, msg, high-fructose corn syrup, or artificial sweeteners are prohibited and shall not be served to patients.

5) "Junk foods" such as candy bars, soft drinks or other sugary foods and drinks, including fruit juices, are prohibited and shall not be served to patients.

6) All Health care practitioners shall emphasize nutritional supplements as part of a preventive care protocol for their patients.

viii. **Inspections**

All Medicare medical facilities, whether government owned or privately contracted for, including hospitals and clinics, shall be subject to random, unannounced inspections to determine if they are clean, safe and providing adequate medical care to their patients. Public organizations such as television stations, radio stations, and senior citizen and veterans groups shall not be denied access to inspect and report on these institutions. Patients, whether civilian or military, shall not be prohibited from voicing their concerns and complaints to investigators and shall not be punished in any way for presenting their opinions.

ix. **Cost Controls**

1) Congress shall create an independent oversight committee to set payment schedules for all medical products, fees and services. The committee personnel shall include members from all fields that provide medical products and services to Medicare, from academic institutions, and from the public at large.

2) It is specifically understood that all members of this committee, administrative employees and outside advisors to this committee, have no financial ties to corporations that would benefit from the recommendations. Financial ties include, but are not limited to, consulting fees, stockownership, receiving royalties from or being a board member to corporations that would benefit in any way from the from the implementation of these recommendations.

3) The recommendations of this committee shall be sent to Congress and Congress shall be prohibited from altering in any way or making any changes to the recommendations. Congress shall vote only to accept or reject the recommendations in its entirety.

National Health Care - Discussion

When discussing health care, the first question to ask is, "Do you believe health care is a privilege or a right?" If you believe that health care is a privilege, then you will see no need to change the current system of entrusting our health care needs to for-profit health insurance companies. On the other hand, if you believe that health care is a right and should be guaranteed to all Americans, then the only logical solution to our current health care crisis is to replace private, for-profit health insurance with National Health Care.

For over 30 years most Americans have relied on private, for-profit health insurance companies for their health care needs. We have had the time, experience and data to answer three key questions, and they are: Has private, for-profit health insurance worked for the majority of Americans in the past? Is private, for-profit health insurance working for the majority of Americans in the present? Will private, for-profit health insurance work for the majority of Americans in the immediate future?

The answer to all three questions is no, and the reason for this is very simple. The business model upon which the health insurance companies operate is incompatible with delivering high quality health care at affordable prices. Simply put, they need to make as much profit as possible. Since the fiduciary obligation of for-profit corporations is to make as much profit as possible, it must due so at the expense of their subscribers. This is in direct conflict with the purpose of health care, which is to provide the best medical care for the patient. In this case, the conflict between the best medical care for the patient and the need to make as much profit as possible ends in only one way: the triumph of profit over health care. This is the basic reason why private, for-profit health insurance has failed to provide the American public with the proper health care services needed at a reasonable price.

To make as much profit as possible, health insurance companies engage in many horrific business practices which include:

- Collecting as much money as possible in the form of premiums (which keep going up while coverage keeps going down).
- Offering coverage only to the healthiest of the population, using "pre-existing" conditions as the excuse to deny coverage to millions of Americans.
- Increasing deductibles so insurance companies pay out less money in the form of claims
- Denying claims and services that their subscribers are rightfully entitled to.
- Dropping subscribers who have incurred an expensive disease or procedure.
- Conveying to their subscribers the sense that they are fully covered for many conditions and services when in fact they are not. Many subscribers find out too late that they are under-insured and therefore subject to financial ruin due to medical conditions or emergencies beyond their control. In fact, unmet medical obligations are a major component in over 50% of all bankruptcies.

As if this was not enough, the health insurance industry enjoys anti-trust status. This has allowed them to consolidate into an oligopoly which effectively eliminates one of the basic tenets of capitalism: competition. Without competition, the health insurance industry has been able to dictate the rules under which their policies are sold and administered, and this ensures that giant profits are generated for their chief executives and shareholders.

These policies are also directly responsible for placing health care out of reach for over 47 million Americans. This forces the uninsured to forgo regular medical services and instead seek emergency

care when their conditions deteriorate to the point where they must seek medical help or possibly die. The cost for these emergency services is then passed on to the insured in the form of higher premiums, and to the American taxpayer.

After reviewing these facts, it becomes obvious that our current, for-profit health care system has failed. This failure justifies the demand for an alternative health care delivery system, and so far the only logical solution that has been proposed is National Health Care. The two key questions are: "What is National Health Care?" and, "How do we pay for it?"

Let us first look at financing National Health Care. National Health Care will be financed by incorporating the funding from Medicare with the revenue raised by the new payroll tax for National Health Care. This will raise over $1.061 trillion dollars per year, as follows:

National Health Care Payroll Tax*		
Individual contributions (3%)	$269,980,214,259	
Business contributions (3%)	269,980,214,259	
Sub total	$539,960,428,518	$539,960,428,518
Medicare Payroll Tax*		
Individual contribution (3%)	$269,980,214,259	
Business contributions (2.8%)	251,981,533,308	
Sub total	$521,961,747,567	521,961,747,567
Total annual revenue for National Health Care:		**$1,061,922,176,085**

*See estimated annual revenues, sources and assumptions, pages 111-114.

While reviewing these revenue projections, please note that the payroll taxes for National Health Care and Medicare have been kept separate. People are used to seeing their payroll deductions for Medicare so it is probably best to continue with this model. The combination of Medicare and National Health Care payroll taxes should cover all costs associated with the implementation of National Health Care. However, in the unlikely event more funding is needed, Congress has several options. First, it could simply add more money from the general fund. Second, it could it create new taxes to be placed on the substances that cost society the most in terms of medical costs: alcohol, tobacco and junk foods. And third, it could incrementally raise the payroll tax contributions from the employer and/or the employee (Section 3.i.3) e).

If it so happens that the amount of money raised is greater than is actually needed, Congress should first reduce the rate of taxation on businesses, and after that if there is still excess revenue, reduce the rate of taxation on individuals.

The new funding for National Health Care will be readily accepted by a majority of the public because, as mentioned earlier, overall taxes and living expenses have been reduced. When the public realizes that their expanded payroll obligations have been offset by eliminating their personal income taxes, that their overall taxes are lower, and yet they receive the benefits of National Health Care, guaranteed Social Security benefits, and free college or vocational school, they will simply wonder why this tax reform plan had not been adopted earlier.

To answer the question, "What is National Health Care?" we simply need to contrast it with our current, for-profit health care system. Unlike the present system, National Health Care will provide all Americans with highest quality health care, and this includes dental and eye care, as well as acupuncture and chiropractic services. Because payroll taxes have already paid for the services needed, National Health Care will allow everyone to see the doctor without regard to pre-existing conditions, premiums, co-payments or deductibles, and no one can be terminated for

contracting an expensive disease or needing an expensive procedure. Additionally, no one is denied medical services simply because they are indigent, between jobs or have retired.

National Health Care is also a single payer system. As such, the government will replace private, for-profit health insurance companies to become the one and only health care administrator. As the sole administrator, the government becomes the collector of premiums in the form of taxes, and the paymaster to the medical professions for the services they provide. Under these circumstances, the middleman role played by private, for-profit health insurance companies has been eliminated.

Since the government will take over the role played by the health insurance companies, many of the costs associated with operating a for-profit business are eliminated. These costs include marketing, promotions, advertisements, commissioned sales people and redundant bureaucracies. The single payer system also eliminates the need to make giant profits that go back to shareholders in the form of dividends, and to the top executives in the form of salaries and bonuses.

Costs will be reduced even more when Congress approves the recommendations that will be provided to it by the independent committee charged with setting prices for all goods and services related to the administration of National Health Care (Section 3.c.xi.). If history has taught us anything, it is that we cannot rely upon the promises of any industry, much less the health insurance industry, to voluntarily regulate itself in any meaningful way that would interfere with its goal of making as much money as possible. Therefore, this committee represents the only viable way to control the escalating costs associated with our present health care system.

It is equally important to point out that the health insurance companies are not the only ones responsible for our current predicament. The hospital industry also contributes to our health care crisis. Since they too are beholden to their owners or shareholders to make as much money as possible, they gouge their patients for as much as possible in their attempt to make as much money as possible. This automatically compromises their ability to provide first rate health care at affordable prices. Section 3.c.xi. remedies this intolerable situation. Section 3.c.xi. will also correct the over-inflated prices charged by some health care practitioners by determining up front what reasonable and fair charges shall be.

Health care costs will decline even more as our society transitions to healthier lifestyles. One of the reasons such a large percentage of our gross domestic product is spent on health care is the fact that so many people are sick. Sick people require the services of our medical establishment and these services cost billions of dollars. If people were healthier, the costs associated with health care would decline. An obvious way to lower healthcare costs is for the population at large to become healthier. Changing the dietary habits of our society is the best first step we can take to accomplish this goal.

The majority of Americans eat meals that emphasize animal products and refined carbohydrates. This allows excess amounts of sugar, fat, salt, trans-fats, high-fructose corn syrup and msg into the diet. Since these substances are the major contributors to the obesity, diabetes, heart and other diseases we see in children and adults we can state that the majority of Americans consume a diet that promotes disease. We can also state that a diet that promotes disease costs us billions of dollars in unnecessary healthcare expenditures.

The common sense approach to reducing the unnecessary expenditures for diet related diseases is to change the dietary habits of our citizens. We need to transition our population from eating foods that promote disease to foods that promote health. Along these lines, scientists and doctors have conclusively demonstrated that a diet emphasizing whole foods and plants, absent refined

carbohydrates and where animal products play more of a supporting role is a diet that promotes health.

Since federal dollars are allocated to feed patients under the charge of Medicare and National Health Care, we are left with two choices. Either we are going to feed our citizens foods that promote disease and cost us billions of dollars in future medical costs for the care and management of diet-related diseases, or we are going to feed our citizens health-promoting foods that will save us billions of dollars in future medical costs. As taxpayers, we must use our tax dollars wisely by insisting that all institutions receiving taxpayer dollars provide their patients with foods that promote health, so that we can save billions of taxpayer dollars in future medical costs. Section 3.c.viii accomplishes this goal.

Section 3.c.viii requires all institutions that receive funding from National Health Care transition their patients to a diet that promotes health by emphasizing a whole food, plant-based diet with appropriate amounts of high quality lean meats and fish. This is the best first step we can take to ensure that patients become healthier. As patients become healthier they require less medical intervention, and by definition, less medical intervention guarantees that healthcare costs will decline.

It is a logical progression to go from eating better foods to other lifestyle changes that will make our population healthier. For instance, better food choices have the effect of creating more energy so people can be more active. The dynamic duo of nutritious food and increase physical activity automatically reduces stress, and reducing stress helps to prevent many conditions that require medical intervention. When these lifestyle modifications are in place, less sickness will occur and by extension, less medical services will be required. This will automatically reduce the cost of healthcare.

An added benefit from National Health Care will be the effect it will have on business worker compensation premiums. Since everyone will now covered by National Health Care, and since it has already been paid for, their will be no need for corporations to pay that portion of the premium devoted to medical expenses. The money saved by not paying this portion of the premium presents as a giant windfall profit to business, and this will be one of the reasons why corporations will accept their expanded payroll obligation for National Health Care. Additionally, National Health Care will replace the Medicaid program and this will save the federal and state governments an enormous amount of money.

Another benefit that will come from National Health Care is the effect it will have on each state's fiscal budget. Since National Health Care covers everyone, and since taxes have already paid for it, the states will no longer be obligated to finance Medicade for the poor. The money state's do not spend on healthcare for the poor translates into an enormous amount of money that can now be spent on other fiscal responsibilities. This will help each state balance their budgets, and this will have a profoundly positive effect on their economies.

The critics will immediately complain that National Health Care is socialism and then they will say we can't afford it. Both arguments hold no weight. First, it is important to acknowledge that National HealthCare is a socialist program. However, National Health Care will be publically financed yet privately administered. This means that even though the government, rather than the insurance companies, will collect the premiums in the form of taxes and pay the health professional's claims, it does not in any way guarantee the success of the health care provider. The private, health care providers must still run their offices like any other for-profit business. They must procure business, keep their overhead low and pay all costs associated with running a business. If they do not adhere to sound business practices they will fail.

And, it must be emphasized that there is no requirement for any doctor, dentist, acupuncturist, chiropractor, or any other health care practitioner or hospital or medical clinic to join the National Health Care program. They must only decide if they want to be a part of, or totally independent of this program.

Additionally, Section 3.c.ix. provides monetary incentives for practitioner's who join the National Health Care delivery system. Health care practitioners will be monetarily compensated for successfully transitioning patients off of cigarettes, drugs and alcohol, and who successfully bring their patients from obesity to proper weight.

Elements of competition have also been introduced within this National Health Care program. Hospitals and medical clinics who join the National Health Care program will be subject to random inspections, and also subject to an alphabetized grading system that identifies for patients those institutions that are more successful in terms of patient outcomes and overall patient satisfaction. Grades of A, B, C and D will be clearly posted on main entryways and in the waiting areas of all of these institution, and those institution that receive a grade of A will receive a monetary bonus. However, monetary penalties will be assessed against those hospitals and clinics that have a low rate of successful patient outcome, high rates of readmissions, and allow patients to acquire infections from these institutions. These regulations will spur competition for excellence within this industry and help to ensure the success of the National Health Care program.

Returning to the complaint that National Health Care is a socialist program, it is important to point out that we already have fire departments, public libraries, public schools, Medicare, Social Security and veteran's health care services. These are all socialist programs (as are the roads we drive to work on and the police departments that protect us). According to these critics' way of thinking, since all of these programs and services are a form of socialism, they should be abolished. However, you never hear them calling for their demise. Instead, they let these programs and services exist and instead concentrate their criticism on labeling National Health Care as socialism, and then do all in their power to prevent its implementation.

It is particularly interesting to note their silence surrounding veteran's health care services. This program is completely financed and administered by the government, which means that the government owns the hospitals patients stay in and is the employer of the physicians who administer health care services. By definition, this is a totally socialist program. Yet, you never hear these critics calling for its demise. Perhaps this is because it is so successful. The government can rightfully boast that this program is well administered, provides a superior level of service, has a high patient success rate, and is beloved by its participants.

Equally perplexing is their criticism surrounding the Medicare program. This is another socialist program, entirely financed by payroll taxes while administered through private enterprise. The critics complain about the fraud associated with Medicare, and they want to cut the benefits associated with Medicare, however, you never hear them advocating for their parents and relatives to give up their Medicare eligibility, or introduce a bill in congress to abolish this program. Perhaps this is because they know that their parents and relatives would disown them if they tried to abolish this program, and because they know that Medicare is so wildly popular with our senior citizens.

What is even more galling is the fact that these same critics never present any viable alternatives to our current health care system. They simply refuse, often on ideological grounds, to acknowledge that private, for-profit health care has failed. Instead, they allow the health insurance industry to come up with meaningless reforms, like health savings accounts. These are plans designed to fool the public into believing that something has been done to correct the situation. In reality, they are meant only to perpetuate the status quo. They do nothing to solve the basic underlying problems.

As for affordability, the reduction of costs generated by adopting the single payer system, coupled with the reduction of costs associated with a healthier population, combined with the implementation of health care solutions that will be provided by the Department of Alternative Medicine, will make National Health Care not only affordable but also cost-effective. When all of the above has been taken into account, some analysts have speculated that overall cost savings will range from 35% to 60%. In the end, National Health Care will save us money and become a great program, just like Medicare and Social Security.

As the march towards National Health Care intensifies, the fear of real and fundamental change that might undermine the financial interests of the for-profit health care industry will drive them to bombard the airwaves and print media with an advertising campaign designed to stop this from happening. Their ads will attempt to scare the public into believing that the government, instead of the doctor, will decide what treatment patients receive. Their ads will attempt to discredit the government's ability to administer National Health Care efficiently. Their ads will depict senior citizens and young families railing against the intrusion of government into their private lives. And, their ads will show long lines of patients trying to get into overcrowded offices in a vain attempt to see the doctor.

Of course, these attacks are simply the self-projections of the health insurance companies. Actually, it is the private, for-profit health insurance companies who interfere with the doctors' decisions as to what services will be provided to the patient. It is the private, for-profit health insurance companies who intrude most heavily into the personal lives of their subscribers by denying claims and services that their members are rightfully entitled to. It is the private, for-profit health insurance companies who have the redundant, confusing and bloated bureaucracies that drive up costs, and yet they are the ones who ensure that their top executives receive enormous financial compensation. And, by design, it is the private, for-profit health insurance companies that make health care unaffordable to over 47 million Americans.

Furthermore, it is important to point out that the only reason there are waiting periods to see the doctor is due to a shortage of doctors. The limited supply of doctors is due to man made policies that restrict the number of qualified applicants from entering the medical profession. This shortage is exacerbated by the inadequate compensation offered to doctors who treat Medicare patients and the indigent.

This problem has been solved by increasing the number of accredited medical schools from 125 to 175 (Section 8.b). The addition of 50 new medical schools will provide all the medical personnel needed to adequately care for all 301 million Americans. Additionally, this tax reform plan will raise more than enough revenue to fairly compensate all medical professionals.

The time has come to provide high quality healthcare to all Americans. The public knows that private, for-profit companies cannot provide the services needed at an affordable price. The public also knows that National Health Care is the only logical solution. All that is needed now is for the politicians to accept what the public wants, and admit that in the area of health care, the government needs to take over the role played by the health insurance companies to ensure that all American receive the health care services they require.

Author's note: Since this proposal was written, Congress has passed the first steps towards health care reform. Although some very important issues have been addressed, such as eliminating pre-existing conditions as the basis for denial of insurance, eliminating the lifetime cap on benefits, and allowing children to stay on the family plan until age 26, two basic underlying problems have not. Since Congress did not consider a single-payee solution, or even provide a public option to ensure some competition within the health insurance industry, the health insurance companies are

still free to raise premiums, deductibles and co-pays on their subscribers with impunity. In fact, since the new health reform bill demands that 80% of each dollar be spent on subscribers medical claims, health insurance companies will begin raising premiums and deductibles to make up the difference between their current level of profit, and the loss of profit from this requirement. Additionally, since no cost containment provisions were enacted into law as part of the health care reform bill, the escalating costs of health care will continue to threaten our economy.

3. National Health Care - The Solution

c. **National Health Care**

i. **Funding**

1) National Health Care shall be funded by Section 1.b.i, Section 1.b. iii, Section 2.ii., and Section 2.iii. Congress shall not fund other programs until Medicare, National Health Care, Social Security and Public Education have been fully funded.

2) The tax revenue from the sources sited above shall be put into a new, separate account to be called the National Health Care Trust Fund, subject to the conditions detailed below. Once money is put into this trust fund it shall be used only for National Health Care purposes. Under no circumstances shall money in the trust fund be lent to the government to fund other government obligations.

3) Funding the National Health Care Trust fund shall begin as follows:

   a) In the first year after this reform plan has been signed into law, Congress shall place $750 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes dedicated to National Health Care above $750 billion dollars may be used for other government purposes.

   b) In the second year after this reform plan has been signed into law, Congress shall place $850 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes dedicated to National Health Care above $850 billion dollars may be used for other government purposes.

   c) In the third year after this reform plan has been signed into law, Congress shall place $950 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes dedicated to National Health Care above $950 billion dollars may be used for other government purposes.

   d) In the fourth year after this reform plan has been signed into law, Congress shall place $1,050 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes

dedicated to National Health Care above $1,050 billion dollars may be used for other government purposes.

e) In the fifth year after this reform plan has been signed into law, and thereafter, all revenue raised by the specific taxes that fund National Health Care shall be placed into the National Health Care Trust Fund.

f) If the revenue raised by the specific payroll taxes sited above do not cover all costs and projected costs of National Health Care, Congress shall do one or more of the following to ensure that the National Health Care Trust Fund always has sufficient revenue to meet its obligations.

i. Add additional revenue from the general fund.

ii. Create new health care taxes to be placed on alcohol, tobacco and "junk foods."

iii. Incrementally raise payroll tax contributions from employers and employees.

ii. **Eligibility**

Every person living in or visiting the United States and the U.S. Territories shall be eligible to receive universal, best quality care.

iii. **Health Care Services Covered**

1) This program shall cover all medically necessary services, including primary care, inpatient care, outpatient care, emergency care, prescription drugs, herbal formulas, durable medical equipment, long-term care, mental health services, dentistry, eye care, chiropractic, acupuncture, and substance abuse treatment. Patients have their choice of physicians, chiropractors, acupuncturists, providers, hospitals, clinics, and practices. No deductibles are permissible under this act.

2) Private health insurers shall be prohibited under this act from selling coverage that duplicates the benefits of this program. Exceptions to this rule include coverage for cosmetic surgery and other medically unnecessary treatments. Those who are displaced as the result of the transition to a nonprofit health care system shall be the first to be hired and retrained under this act.

iv. **Eligible Practitioners**

In general, National Health Care shall pay physicians, dentists, doctors of osteopathy, psychologists, chiropractors, acupuncturists, doctors of optometry, nurse practitioners, nurse midwives, physicians' assistants, and other advanced practice clinicians as licensed and regulated by the States.

v. **Practitioner's Scope of Practice**

It is specifically understood that licensing in one medical profession shall not give license to practice in another medical profession. If a licensed health care professional in one medical profession wishes to practice in another

medical profession, he/she shall go through the same schooling and licensing procedures required by law of the other medical profession.

vi. **Co-payments**

Co-payments are not allowed under any circumstances.

vii. **Working Conditions**

Interns and other medical professionals shall not work more than 12 hours per shift. All medical personnel shall rest a minimum of eight (8) hours between shifts.

viii. **Nutrition**

1) All institutions that receive National Health Care funding shall provide their patients with high quality foods that emphasize a whole food, plant-based diet (fresh vegetables, fresh fruits, seeds, nuts, whole grains, etc.) with appropriate amounts of high quality lean meats and fish.
2) Fried foods and prepackaged processed foods such as canned vegetables, canned fruit, canned soups and luncheon meats are prohibited and shall not be served to patients.
3) All products that contain growth hormones are prohibited and shall not be served to patients.
4) Foods and beverages that contain refined flour, trans-fats, hydrogenated or partially hydrogenated oils, dyes, msg, high-fructose corn syrup, or artificial sweeteners are prohibited and shall not be served to patients.
5) "Junk foods" such as candy bars, soft drinks or other sugary foods and drinks, including fruit juices, are prohibited and shall not be served to patients.
6) All Health care practitioners shall emphasize nutritional supplements as part of a preventive care protocol for their patients.

ix. **Evaluations, Incentives and Penalties**

1) Evaluations:

All National Health Care medical facilities such as hospitals and clinics shall receive grades of A, B, C or D. These grades shall reflect the evaluation of these facilities and shall be prominently displayed in all entryways and patient room admitting areas.

The full criteria used to determine the grades given shall be formulated at a later date but must include patient satisfaction, facility cleanliness, and successful resolution of patient conditions.

A grade of "A" shall reflect that the facility is in the top 90% of the established criteria.

A grade of "B" shall reflect that the facility is in the 80% range of the established criteria.

A grade of "C" shall reflect that the facility is in the 70% range of the established criteria.

A grade of "D" shall reflect that the facility is in the 60% range of the established criteria.

2) Incentives:

Hospitals, clinics and medical personnel shall receive monetary bonuses, to be determined at a later date, that include, but are not limited to:

Facilities receiving a grade of "A"

Cutting administrative costs without compromising patient care.

Successfully transitioning patients to quit smoking.

Successfully transitioning patients to stop abusing alcohol and other drugs.

Successfully transitioning patients from obesity to proper weight.

3) Penalties:

Congress shall determine monetary penalties to be assessed against hospitals and clinics including, but not limited, to successful patient outcome, readmissions, and acquiring infections from these institutions.

x. **Inspections**

All National Health Care medical facilities, whether government owned or privately owned , including hospitals and clinics, shall be subject to random, unannounced inspections to determine if they are clean, safe and providing adequate medical care to their patients. Public organizations such as television stations, radio stations, and senior citizen and veterans groups shall not be denied access to inspect and report on these institutions. Patients, whether civilian or military, shall not be prohibited from voicing their concerns and complaints to investigators. Patients shall not be punished in any way for presenting their opinions.

xi. **Cost Controls**

1) Congress shall create an independent oversight committee to set payment schedules for all medical products, fees and services. The committee personnel shall include members from all fields that provide medical products and services to National Health Care, from academic institutions, and from the public at large.

2) It is specifically understood that all members of this committee, administrative employees and outside advisors to this committee have no financial ties to corporations that would benefit from the recommendations. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the implementations of these recommendations.

3) The recommendations of this committee shall be sent to Congress and Congress shall be prohibited from altering it in any way. Congress shall vote only to accept or reject the recommendations in its entirety.

Public Education - Discussion

Public education is one of our great American institutions. Its' unique approach has been to educate all our citizens, and this has had nothing less than a fundamental and profound effect upon our civilization. It has educated our children, enabling them to become productive members of society. It has advanced our culture, generation by generation. In fact, public education is the single most important stepping-stone available to all Americans that allows for the transition from poverty to self-sufficiency. This allows public education to proudly claim that it is the main reason for our economic prosperity, and it is the paramount hope for our future.

So, it is with great sadness that over the last 30 years we have witnessed the decline of public education. The slow but steady erosion in our commitment to public education has resulted in an unacceptable state of affairs. Teachers are undervalued and consequently underpaid. Important programs and activities have been cut and educational materials are in short supply. Classrooms are overcrowded and school buildings are in need of repair. Furthermore, the rise in college tuition has placed higher education completely out of reach for millions of Americans.

As a society, we cannot allow this to continue. It is simply unacceptable not to provide a first rate education to all students, no matter where they live and no matter the income level of their family. It is simply unacceptable to watch passively as millions of qualified students are denied the opportunity to attend college or vocational school simply because there are not enough facilities or they cannot afford the tuition. It is in our national interest to correct this situation.

This tax reform plan solves the crisis by fully funding public education. Section 2.iv. requires a payroll tax of 1% from every taxpayer's annual gross income, and this raises almost $90 billion dollars per year. When combined with the states contribution required from Section 8.o. ($163 billion dollars), public education receives a 455% increase in funding. When state and local revenue are added to this amount, the full funding of public education has been achieved.

Fully funding public education will provide the revenue necessary to make all schools superior schools. Superior schools will need great teachers and the increased funding will provide the revenue necessary to attract highly competent men and women to the teaching profession and pay them what they are truly worth. It will allow for the expansion of existing schools and the building of new schools. Fully funding public education means that our children will not placed in overcrowded classrooms. It means that there will be no unfunded mandates. It means that the arts and sciences will be fully funded. It means that our students will have all the books, computers and technical support necessary to compete in an ever-changing world. And, it means that all schools, rural, urban and suburban, will be funded equally.

Fully funding public education also means that all qualified students will be able to attend college or vocational school free of charge. This will end the debate as to whether a college or a vocational school education should be a privilege, reserved for those who can afford it, or a right that belongs to every citizen. It will end the crushing debt incurred from attending college on student loans. It will erase the burden placed on parents who have had to save for years just to send their children to school. And, perhaps most important, allowing all qualified students the opportunity to attend college or vocational school removes poverty as an impediment to higher education or learning a skilled trade, and thus has far-reaching implications for our economy and society.

Removing poverty as an impediment to a great education will result in a decreasing number of poorly educated, unskilled lower-class people. At the same time, it will increase the number of highly skilled, highly educated middle-class people. And, increasing the number of middle class people is the key to stabilizing and protecting our democracy.

It should be noted that the new payroll tax for public education will be readily accepted by a majority of the public because a majority of the public recognizes that it is in the best interests of society to have as many highly skilled, highly educated people as possible. The more educated and skilled our society becomes, the less crime and social unrest there is to deal with. This translates into and less money spent on welfare and incarceration, and more tax revenue for the government. And, the other reason why the public will readily accept this new tax pertains to their own self interest. When the public realizes that this tax reform plan requires them to pay less in overall taxes, and yet they are still the recipients of free college and vocational school, National Health Care, and are guaranteed their Social Security benefits, they will simply wonder why this tax reform plan had not been implemented earlier. (Appendix G contains a separate proposal pertaining to public education.)

3. Public Education - The solution

d. **Public Education**

i. It is specifically understood that Congress shall sufficiently fund, and help the states sufficiently fund, Public Education so that all Americans shall be able to attend public school, from pre-school through the twelfth grade, and for those that are academically qualified, to attend up to four years of college or three years of vocational school, free of charge. There shall be no unfunded mandates. Congress shall not fund other programs until Social Security, Medicare, National Health Care and Public Education have been fully funded.

ii. The taxes collected from Section 2.iv., and the states' reimbursement money designated in Section 8.o., shall be used only for Public Education.

iii. Unused textbooks and other unused materials shall be made available for purchase by private schools at fair market value.

National Sales Tax at the Retail Level- Discussion

Since personal income taxes have been replace with payroll taxes, and these payroll taxes directly benefit the individual, i.e., National Health Care, Social Security and public education, it is imperative that a national tax be imposed on everyone to help cover the costs of other government obligations (defense, infra-structure, etc.).

However, a national sales tax is regressive in nature because it impacts the poor much more so than the rich. The poor simply have less disposable income than the rich, so a sales tax effectively taxes the poor on 100% of their disposable income, while it does not do so to the rich. The rich simply have too much income that is never spent, so it is never taxed, effectively giving the rich an enormous tax break while reducing their proportionate share of the tax burden.

This basic inequity is the reason why a national sales tax cannot be imposed upon our society as the sole means of taxation used to generate the revenue necessary to fully fund the government. Additionally, using a national sales tax to raise sufficient revenue to fully fund the government would require a sales tax so high (somewhere between 35% and 55%) that many products and services would be forced to go underground, to the black market. And, those products and services that could not go underground to avoid this tax would become so expensive that economic activity would slow to such an extent that it would endanger the economy. That is why this tax reform plan proposes only a 5% retail sales tax and exempts groceries, medicine, property, gasoline, government purchases and the sale of a business.

4. National Sales Tax at the Retail Level- The Solution

a. 5% tax on all retail goods and services except groceries (unprepared food), medicines (prescription drugs, prescribed herbal formulas, prescribed nutritional supplements), property (residential and commercial), speculative financial instruments (stocks, bonds, commodities, etc.), gasoline, government purchases and the sale of a business.

b. The National Sales Tax shall be administered through the states. The 5% National Sales Tax shall be collected by the states on behalf of the federal government and sent to the federal government within ten (10) days of its collection.

Transaction Tax on Property and the Sale of a Business, paid at the time of the transaction - Discussion

A 1% transaction tax based on the purchase price of a commercial or residential property, paid by the buyer at the time of the transaction, has been incorporated into this tax reform plan. It is small enough not to affect the decision as to whether or not to purchase a property, while at the same time ensuring that the government receives revenue immediately upon the transaction. To help offset the imposition of this tax, the capital gains tax that will be due upon the sale of the property has been reduced. (See Capital Gains Tax on Property, Section 6.)

Additionally, a 1% transaction tax based on the purchase price of a business, to be paid for by the buyer at the time the purchase, has also been incorporated into this tax reform plan. This has never been done before. At first glance it might seem shocking, however, upon reflection it should be noted that a business is like any other commodity and therefore should be treated as such.

From this perspective, purchasing a business is like purchasing a property, a stock, a bond or any other speculative financial instrument with the noted exception that the buyer must actually run the business. This has been taken into account by placing the transaction tax on the buyer of the business and not upon the seller of the business. In this way, the government realizes some revenue while not adversely affecting the decision as to whether or not to purchase a business in the first place.

5. Transaction Tax on Property and the Sale of a Business, paid at the time of the transaction - The Solution

a. **Commercial property:**

1% tax based on the selling price of commercial property paid by the buyer at the time

of the transaction.

b. **Residential property:**

1% tax based on the selling price of a residential property paid by the buyer at the time of the transaction.

c. **Residential rental property:**

1% tax based on the selling price of a residential rental property paid by the buyer at the time of the transaction.

d. **Sale of a business or corporation:**

i. 1% tax based on the selling price of a business or corporation paid by the buyer at the time of the transaction.

ii. When the proceeds from the sale of a business or corporation transfer to an individual, this amount shall be considered as income and this income shall be subject to the taxes found in Section 2.

Capital Gains Tax on Speculative Financial Instruments, Collectables and Property. Rental Income - Discussion

In keeping with the overall theme of this tax reform plan, the capital gains tax on speculative financial instruments, collectables and property has been lowered as follows: short term capital gains are taxed at 27%, and long-term capital gains are taxed at 13.5%

Please note that Section 6.(a)viii converts to income that portion of capital gains that exceeds regular income, making it subject to the taxes found in Section 2. This was necessary to prevent those who receive excessive amounts of their income from capital gains from paying taxes at a lower rate than those that simply have income.

6. Capital Gains Tax on Speculative Financial Instruments, Collectables and Property. Rental Income - The Solution

a. **Speculative Financial Instruments and Collectables**

i. A capital gain shall be defined as the amount by which the selling price exceeds the purchase price of speculative financial instruments (stocks, bonds, commodities, options, derivatives, etc.) or collectables.

ii. A capital loss shall be defined as the amount by which the purchase price exceeds the selling price of speculative financial instruments (stocks, bonds commodities, options, derivatives, etc.) or collectables.

iii. All expenses involved with the purchase or sale of speculative financial instruments or collectables are not deductible expenses and shall not be used to reduce, delay or eliminate the basis for determining the capital gains tax owed.

iv. Dividends from speculative financial instruments that are not reinvested in their respective products but are distributed to investors shall be

considered as income in the year they are received and subject to the taxes found in Section 2.

v. Speculative financial instruments and/or collectables sold prior to 366 days from the date of their purchase shall be taxed at 27% of their capital gain.

vi. Speculative financial instruments and/or collectables sold 366 days or more after the date of their purchase shall be taxed at 13.5% of their capital gain.

vii. The portion of capital gains realized in a calendar year (January 1 through December 31) that exceeds the annual gross income received in the same calendar year shall be redefined as income and this amount shall be subject to the taxes found in Section 2.

For example, assume a taxpayer has an annual gross income of $100,000.00 and in the same calendar year realizes a capital gain of $400,000.00. The taxpayer in this example would subtract the annual gross income ($100,000.00) from the capital gain ($400,000.00) and the difference ($300,000.00) would be redefined as income. This $300,000.00 of "redefined income" shall be added to his/her previous income of $100,000.00 which now totals $400,000.00 of "income." This $400,000.00 is now subject to the taxes found in Section 2., and leaves $100,000.00 subject to the capital gains tax.

ix. Those taxpayers whose income is based on the buying and selling of speculative financial instruments and/or collectables shall deduct their capital losses from their capital gains in the same year that the capital loss and the capital gain occurred, and this shall determine their income. Their income will then be subject to the taxes found in Section 2.

b. **Property**

i. A capital gain shall be defined as the amount by which the selling price of a residential or commercial property exceeds the purchase price of the property.

ii. A capital loss shall be defined as the amount by which the purchase price of a residential or commercial property exceeds the selling price of the property.

iii. All expenses associated with the purchase or sale of a property including, but not limited to commissions, appraisals, points, title, fees, etc., and interest on the mortgage are not deductible expenses and shall not be used to reduce, delay or eliminate the basis for determining the capital gains tax owed.

iv. Commercial property:

1) Commercial property sold prior to 366 days from date of its purchase shall be taxed at 27% of the capital gain.

2) Commercial property sold 366 or more days after date of its purchase shall be taxed at 13.5% of the capital gain.

v. Residential property:

1) If a residential property was the primary residence of the seller for two of the prior five years, the capital gains tax is 13.5% on the capital gain above $250,000.00. There is no capital gains tax on the first $250,000.00 of the capital gain.

2) If a residential property was the primary residence of the sellers for two of the prior five years and the sellers are a married couple, the capital gains tax is 13.5% on the capital gain above $500,000.00. There is no capital gains tax on the first $500,000.00 of the capital gain for a married couple.

3) If a residential property was not owned by the seller for two of the prior five years the capital gains tax is 27% of the capital gain.

vi. Rental Property

1) Rental property sold prior to 366 days from the date of its purchase shall be taxed at 27% on the capital gain.

2) Rental property sold 366 days or more after the date of its purchase shall be taxed at 13.5% on the capital gain.

vii. Second Homes

1) A second home sold prior to 366 days from the date of its purchase shall be taxed at 27% on the capital gain.

2) A second home sold 366 days or more after the date of its purchase shall be taxed at 13.5% on the capital gain.

viii. Those people whose income is based on the buying and selling of property shall deduct their capital losses from their capital gains in the same year that the capital loss and the capital gain occurred and this will determine their income. Their income will then be subject to the taxes found in Section 2.

c. **Rental Income**

i. Rental income shall be defined as the gross rental income of a property during the calendar year, January 1 through December 31.

ii. Rental income shall be considered as individual income and therefore subject to the taxes found in Section 2.

Miscellaneous Taxes

Estate taxes - Discussion

In this tax reform plan, the first five million dollars of the deceased estate is exempt from federal taxes. This means that at time of death, over 98 percent of Americans will not be affected by this tax. This also means that over 98 percent of Americans will be able to pass on to their heirs their entire estate intact.

In some parts of the country, residential and commercial property values have soared. We do not want the estate in jeopardy simply due to this type of inflation. By exempting the first five million dollars from estate taxation, we ensure that the combined assets of over 98 percent of Americans will not be at risk. This saves the surviving relatives and employees from the stress of the estate being sold or being forced to liquidate assets in order to satisfy a tax obligation.

Because of the opportunities this nation has afforded individuals during their lifetime, great wealth has been amassed. It is only fair then that the estate return part of this great wealth, which includes money that has never been taxed due to the use of the deductions found in the current tax code, as a thank you for these conditions. This means that the estate tax begins after the first five million dollars has been exempted, and the remaining assets are then taxed at 50%. This tax will affect less than two percent of Americans but it is important to have this money returned to the economy so that others may benefit from its use.

This reform plan also allows the estate to donate up to 10% of the taxable liability to nonprofit organizations. This will allow for the continued generosity Americans have for the less fortunate, the arts and sciences, and other philanthropic causes. However, this plan does not allow the deceased to contribute money to charities controlled by the deceased estate. In this way, the continued preservation of money within the deceased family from generation to generation has been eliminated, and this will help to break up the consolidation of wealth so feared by our founding fathers.

7. Miscellaneous Taxes - The Solution

a. **Estate taxes**

The first $5,000,000.00 of the deceased's estate shall not be taxed; above $5 million dollars the tax is 50%. The estate includes all assets of the deceased including trusts for which the deceased was the grantor or the beneficiary. Up to 10% of the taxable assets may be donated to nonprofit organizations that are not controlled by nor have family member(s) of the deceased estate on their board of directors or in other capacities.

Excise taxes - Gasoline Tax - Discussion

There will be those that will immediately oppose the $0.10 per gallon tax increase on each gallon of gasoline required by this tax reform plan. They will say that we can't afford it. Then they will claim that this tax will be detrimental to our economy. In both cases they are wrong.

The public has always been forced to pay higher and higher prices for gasoline. This is due to the fact that oil companies have a de facto monopoly on the production and distribution of gasoline. They basically have no competition. Without real competition, the public has no choice but to pay

whatever the oil companies determine the price to be. Under these circumstances, the public "affords" the price of gasoline no matter how expensive that price is.

The reason this gasoline tax will not make gasoline unaffordable is simple. Since the public is currently forced to purchase gasoline at historically high prices, the addition of this $0.10 per gallon tax on the cost of gasoline will make no difference. The difference between paying $3.65 per gallon and $3.75 per gallon is irrelevant. The $0.10 hike will not be the deciding factor used to determine whether or not someone purchases gasoline. However, it will be the deciding factor the public uses to accept and support this tax once it understands that this tax money goes directly to the introduction of renewable, nonpolluting energy and technologies that will save America billions of dollars in reduced energy, environmental and health care costs. Ironically, it will also lower the cost of a gallon of gasoline.

The cost of gasoline will decline because of the fierce opposition this tax will draw from the oil industry. The oil companies will oppose any tax on their products (or anyone else's products) where the money raised is used to introduce new energy sources and technologies that compete directly with their products and services. To counter this perceived threat, the oil companies will lower the price of gasoline. Lowering the cost of gasoline will be their way of attempting to take away the rationale for transitioning to renewable, nonpolluting energy sources and technologies. To their chagrin, lowering their gas prices will be seen for what it really is: a transparent attempt to keep America hooked on the use of fossil fuels and to diffuse public anger over the obscene profits the oil companies have been making at the expense of the American consumer.

Gasoline prices will also decline because this tax heralds the introduction of new energy sources and technologies into the marketplace. These new energy sources and technologies will present as real competition to the oil companies. As oil companies lose market share they will be forced to become more competitive. The law of supply and demand will finally come into play and this will force the oil companies to lower gasoline prices.

The claim that increasing the tax on gasoline will hurt the economy is also wrong. In fact, just the opposite is true. As a dedicated tax, everyone can see where the tax money is going. In this case, the revenue raised goes directly to building the infrastructure necessary for the implementation of renewable, nonpolluting energy sources and technologies. The key point here is implementation.

The science and technologies necessary to provide our nation with renewable, nonpolluting energy already exist. The problem we face is converting from polluting energy sources and technologies to renewable, nonpolluting energy sources and technologies. This tax specifically raises money to help with this transition. The conversion to renewable, nonpolluting energy sources and technologies will help our economy and society in the following ways:

- Converting to cleaner and safer energy sources will reduce our health care costs. The burning of fossil fuels creates the pollution that poisons our population manifesting in diseases such as asthma and cancer. The health care costs associated with the use of fossil fuels adds an estimated $3.00 to each gallon of gasoline. Renewable, non-polluting energy sources and technologies will help decrease the number of people afflicted with these diseases and therefore decrease the medical costs associated with their care.
- It will help end our dependence on foreign suppliers for our energy needs. The military costs associated with protecting foreign oil fields and transporting fossil fuels adds an estimated $4.00 to each gallon of gasoline. Converting to renewable, non-polluting energy from sources found within the United States will eliminate

these costs. Additionally, spending our tax dollars in America, on our own resources, will stop enriching foreign countries at the expense of the American economy.

- When you add together the health care costs associated with the use of fossil fuels, and the military costs needed to protect and transport foreign oil, the true cost of gasoline rises by a minimum of $7.00 per gallon. These costs are eliminated when we convert to renewable, non-polluting energy sources and technologies. This makes the use of renewable, non-polluting energy sources not only cost competitive but also in our national interest.
- It will spawn the development of entirely new industries. These new industries will lead the way with new technologies which will give us twenty-first century jobs. The fact that the major components of these new technologies, such as solar panels, high speed rail systems, and turbine engines will be manufactured in the United States will help to create the high paying jobs that will help rebuild our manufacturing base. And, rebuilding our manufacturing base will create the jobs that will help to expand our economy.
- The states will be inspired to participate in this endeavor and will probably implement policies that will achieve energy independence at an accelerated rate. For example, all 50 states might begin by requiring all newly constructed residential and commercial properties to supply at least 20% of their energy needs from renewable, non-polluting energy sources. This policy would be updated every five years so that within 20 years at least 50% of all energy requirements for residential and commercial buildings would come from renewable, non-polluting energy sources. A course of action such as this has enormous implications for our national energy policy.
- The federal government could increase the amount of solar powered homes by simply guaranteeing low cost loans banks would make to residential home owners who agree to update their homes with solar panels. The utility companies would be required to buy back the surplus energy from these home owners at the highest market rate, and this income would be used by the home owner to pay back the bank. This is a win-win scenario for everyone.
- Converting to renewable, nonpolluting energy sources and technologies will create a new energy model for other countries to emulate. The technologies from this model will be exported to the rest of the world and lead the world away from its current dependence on fossil fuels. <u>This has enormous implications for world peace.</u>
- The conversion from fossil fuels to renewable, non-polluting energy sources and technologies will help to reduce the emissions that produce global warming and damage our environment. Helping to save our planet from global warming is a contribution of great magnitude.

As you can see this small, dedicated tax has enormous and profound effects. It will wean America and the world off the use of fossil fuels. It will lead America and the world into a new age of nonpolluting energy sources and technologies. It will do all this and at the same time promote economic prosperity for America and the rest of the world.

Authors note: The price of gasoline is also determined by Wall Street speculators. The speculation in oil futures increases the cost of a barrel of oil between 40% and 60%, and while this helps enrich the Wall Street traders, it harms the American public by increasing not only the price of gasoline, but also all products made from hydro carbons. This harmful behavior can be stopped in several ways.

First, the laws governing the purchase of futures contracts could require the buyer to actually take possession of this commodity. Second, the percentage used to leverage the purchase of futures contracts could be increased by a factor of five. And third, a tax could be placed on the transactions pertaining to the purchase of futures contracts. All of these regulations would effectively end the manipulation of the futures market for oil, and therefore reduce the cost of a barrel of oil between 40% and 60%.

Ounce the artificially created manipulation of the options pertaining to oil is over, gasoline prices will fall by an average of 40%. At that time, the $0.10 per gallon tax proposed in this plan can be raised to $0.50 per gallon. Motorists will accept this increase because the price of gasoline will still be far less that what they are currently paying. Additionally, the revenue generated from this tax will increase from $13.93 billion per year to $69.65 billion per year. This additional revenue will help accelerate the construction of the infra-structure necessary for the transition of our economy from polluting, non-renewable energy sources and technologies, to renewable, non-polluting energy sources and technologies.

7. Excise Taxes - Gasoline Tax - The Solution

b. **Excise taxes:**

Excise taxes remain as per current law, January 1, 2006, except for gasoline and natural resources.

i. **Gasoline tax**:

The gasoline tax shall be raised to $0.285 per gallon of gasoline. This revenue shall be distributed as follows:

1) $0.185 shall be distributed as per current policy, January 1, 2007.
2) $0.10 shall be used only for the construction of the infrastructure necessary for the nationwide implementation of renewable, nonpolluting energy sources and technologies. These renewable, nonpolluting energy sources shall include but not be limited to wind, solar, tidal, hydrogen, geo-thermal, algae, and plants (such as switch grass, soybeans, hemp, sugar beets, etc.). It is specifically understood that this shall not include nuclear technologies.
3) It is specifically understood that major components of these technologies including, but not limited to, solar panels, wind turbines, high speed trains and their engines, shall be manufactured in the United States.

Excise Taxes - Natural Resources Royalty Tax - Discussion

For far too long the public has not received its fair share of revenue from the leasing agreements issued for the exploitation of public land. By definition, the natural resources found on federal land belong to the people. Therefore, it is only right that the public be compensated fairly for the exploitation of these public resources. Section 7.(b)ii addresses this concern by requiring that all natural resources taken from public land be taxed, and royalties are increase by 1%.

It is important to point out that closing this loophole and raising the royalty rate by 1% does not constitute an undue burden to industry. However, if a corporation feels that paying a royalty is not in its' best interest or that the royalty is now too high, they are under no obligation to continue with their operations, and should move on to other endeavors. From the public perspective, this reform simply remedies an unreasonable situation and reimburses the public a fair return for our natural resources.

7. Excise Taxes - Natural Resources Royalty Tax - The Solution

ii. **Natural Resources Royalty Tax**

1) It is specifically understood that royalties shall be paid on all natural resources taken from federal land.
2) Any natural resource taken from federal lands that has been exempt from royalty taxes will now be subject to the natural resources royalty tax.
3) Natural resources include, but are not limited to, land for grazing, lumber, minerals, natural gas, and fossil fuels.
4) All royalties on natural resources taken from federal lands shall be increased by an additional 1%.

State Reimbursement - Discussion

Section 8. returns to the states 30% of the non-income based tax revenue that has been collected from the taxpayers at the federal level, and directs this money to be spent on programs and services necessary for the common welfare. These programs and services include building more medical schools, funding public education, social services for battered women and their children, day care centers for the working poor, expanding library hours, etc., and accounts for 100% of the reimbursement money the states receive. These programs are self-explanatory, and in conjunction with Social Security and National Health Care define us as a nation.

From Appendix H we learn that the government receives $1.085 trillion dollars in total annual tax revenue from non-income based taxes. The federal government keeps 70% of this money and sends the other 30% back to the states, based on the states population. Thirty percent of $1.085 trillion dollars comes to $325.5 billion dollars. This is the total annual amount due the states. Since this money is sent to the states monthly, we divide $325.5 billion dollars by twelve months and find that the monthly amount due the states is $27.1 billion dollars.

For example, California's population of 33 million people represents 11% of the nation's population. Therefore, California would receive 11% of the $27.1 billion dollar monthly allotment, which comes to $2.98 billion dollars per month ($35.77 billion per year).

State Reimbursement - The Solution

Of the tax revenue collected monthly by the federal government that does not include the revenue from Social Security, Medicare, National Health Care and public education, the federal government keeps 70%. All of the remaining 30% shall be sent back to the states on a monthly basis, by the 15th day of each month following its collection from the prior month. The money sent back to the states is based solely on the states population.

Science, Technology and Medicine - Discussion

Section 8.a. requires 5% of each state's reimbursement money be allocated for the research and development of science, technology and medicine. Using California as an example, 5% of California's $35.77 billion dollar reimbursement money comes to $1.78 billion dollars per year. This money would then be spent on approved proposals for science, technology and medicine.

In order to fund these proposals with fairness and impartiality, the requirements on the application and review process have been tightened. This will eliminate up front the inherent conflicts of interest that have plagued some research efforts in the past. These requirements also prevent large corporations from shifting to the public the costs of research and development in areas of interest specific to them.

Requiring all 50 states to participate in this program will ensure that the evaluation process, which is used to determine who gets funding for research and development proposals, will be decentralized. Decentralizing the evaluation process will allow a greater number of individuals and small companies to successfully obtain research and development funding. This will lead to funding not only "acceptable" areas of research and development, but also new and controversial areas that have long been neglected.

The results from funding so many diverse proposals will lead to many important breakthroughs that will help America regain and maintain its leadership position in many important areas. And, these breakthroughs will generate enough economic productivity to pay back all government expenditures for this program, and all social programs proposed in this tax reform plan.

8.a Science, Technology and Medicine - The Solution

a. 5% for the purpose of funding proposals for the research and development of science, technology and medicine. This money shall be allocated to institutions that currently administer these types of proposals or to institutions that need to be created in order to be in compliance with the following requirements:

    i. It is specifically understood that all medical, scientific and administrative employees within these institutions, and outside advisors to these institutions, have no financial ties to corporations that would benefit from approved proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the research, development or implementation of these proposals.

    ii. Proposals to these institutions shall be accepted only from individuals or corporations with fewer than 25 employees. These corporations shall not be subsidiaries of larger corporations. It is specifically understood that applicants

have no financial ties to larger corporations that would benefit from these proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to larger corporations that would benefit from the proposal.

iii. Research and development proposals shall be no longer than 20 pages in length. The proposals shall be evaluated within 180 days. Rejected proposals shall have explanations in writing detailing the reasons for the rejection. Applicants may resubmit corrected proposals a second time.

iv. All applications and approved proposals shall be sent to a national data bank. This is to prevent random duplication of proposals. Approved proposals may be duplicated if researchers are trying to verify results, negative or positive. In these cases, the original protocol shall be followed without any changes whatsoever.

Medical Schools - Discussion

This tax reform plan requires 5% of each state's reimbursement money be allocated for the improvement of existing medical schools, reduction of tuition for medical students and the building of new medical schools based on each state's population. Funding from this section should cover all costs associated with this obligation. In the event this is not the case, however, each state will contribute the balance.

Let us use California as an example. Since California has 33 million residents it will be required to have 19 medical schools (one medical school for every 1.72 million residents). California's funding would come from 5% of its annual reimbursement money, supplemented by state funding if necessary. This comes to $1.78 billion dollars per year and this money would be spent on improving existing medical schools, reducing tuition rates for medical students and building new medical schools required under this statute. Projecting out over 20 years reveals that California could spend up to $35.77 billion of its reimbursement money to accomplish this goal.

Currently, there are not enough doctors, nurses, chiropractors, acupuncturists, dentists, mental health and other medical personnel to sufficiently care for the people who are fortunate enough to have health insurance. This is because there are only 125 accredited medical schools in the country, and they cannot produce the quantity of qualified medical personnel necessary to adequately care for the people who need their services.

When National Health Care comes into existence and another 47 million people have access to regular healthcare, the need for medical personnel will soar. This has been taken into account by increasing the number of medical schools from125 to 175. The increased number of medical schools will be able to produce all the medical personnel needed to adequately care for the 301 million Americans who will now have access to regular medical services. Additionally, these new schools will allow all candidates who were qualified to enroll in medical school in the past but were denied admission because of space limitations, the opportunity to do so.

Of course, fierce opposition to these new schools will come from those who want to control the labor market and maintain the current shortage of medical personnel. These critics will claim that existing schools are more than capable of keeping up with the increased demand for medical

professionals or that at most, only a few new schools will be needed. These arguments are factually incorrect and meant only to maintain the status quo. Common sense tells us that the need for well trained medical personnel will continue to escalate far into the future and can be met only through the addition of these 50 new schools.

At the present time, the study of nutrition and its effects on health and disease is barely mentioned (if at all) in most medical schools. Neglecting this area of medicine is not in the national interest. To remedy this situation, this tax reform plan requires a minimum of 60 hours of stand-alone courses on nutrition be taught in all medical schools.

Requiring doctors to have a nutritional background will allow the doctor to confidently answer their patients' questions pertaining to the maintenance of health and the prevention of disease through proper diet and nutrition. Patients will incorporate this knowledge into their lifestyles and this will be reflected in less disease and less disease will be reflected in reduced expenditures for healthcare. This is a win-win scenario for everyone.

Section 8.b. - Medical Schools - The Solution

b. 5% for the purpose of building and maintaining medical schools based on the ratio of one medical school per 1.72 million residents. Medical schools include

   the education of doctors, nurses, dentists, mental health and other allied health professionals. This money shall also be used to:

   i. Upgrade existing medical schools and lower tuition rates of American medical students. American medical students shall have tuition rates equal to 25% of average 2005 tuition rates.

   ii. Graduating doctors and nurses shall be obligated to work for one year, at night, at the same university hospitals they were affiliated with. Medical students are not permitted to work more than 12 hours per shift and shall rest a minimum of eight hours between shifts.

   iii. All medical schools shall require a minimum of 60 hours of stand-alone courses on nutrition. Acupuncture schools shall require 30 hours of stand-alone courses on nutrition from a Western perspective, and 30 hours from an Eastern perspective.

   iv. Medical schools are specifically prohibited from accepting any curriculum or teaching materials developed for any course by private industry that would benefit that industry. This ban includes, but is not limited to, textbooks, lesson plans, print and visual media.

Transportation Infrastructure - Discussion

This tax reform plan requires 7% of each states reimbursement money be spent on the repair, maintenance, and improvement of their existing transportation infrastructure, and the building of light rail and other mass transit projects It is obvious that our roads and bridges are in need of a major repairs. Not attending to the repair, maintenance and improvements of our transportation system not only endangers the public, but also decreases economic activity. It is in our national interest to correct this situation.

The implementation of light rail and other mass transit projects should be viewed through the economic lens of history. This lens shows that the transcontinental railroad championed by President Lincoln, and the inter-state highway system championed by President Eisenhower, improved economic activity to such an extent that our current economic status could not have been achieved without them. Such will be the case with light rail and other mass transit projects.

The combination of repair, maintenance, and improvement to our existing transportation system, coupled with the addition of light rail and other mass transit projects, combined with the building of the infrastructure necessary to convert our economy from polluting, fossil fuel energy sources and technologies, to renewable, non-polluting energy sources and technologies (Section 7.b.iii), will require the employment of millions of people. The effect of employing so many Americans from so many different sections of the economy will help to end the economic recession we are currently experiencing.

By creating millions of high paying jobs, unemployment will go down. This means that less money will be spent on the social services needed by the unemployed. Now, instead of receiving government assistance, the newly employed will be receiving a paycheck. They will now have the money to purchase goods and services, and this will stimulate demand. As demand increases, manufacturers will ramp up production to meet this demand, and this will require the hiring of even more workers. This increasing level of employment leads to more people paying taxes, and this leads to more revenue for the government. It is a win-win scenario for everyone.

Section 8.c. - Transportation Infrastructure - The Solution

c. 7% for the purpose of repair, maintenance and improvement to existing transportation infrastructure including roads, bridges and waterways; and to fund light rail and other mass transit projects.

Disbursement of Reimbursement Funds - Discussion

Section 8.d.-o. represents 83% of the state's reimbursement money. Please note that 10% of this money (Section 8.d.) goes directly to fund housing and assistance for battered women and their children, low-income seniors, the homeless, disabled people and veterans., and 3% is earmarked for day care centers for the working poor (Section 8.n). Additionally, 50% of the state's reimbursement money (Section 8.o.) is earmarked for public education. The balance of the money funds programs that help all our citizens who are in need of assistance, and a small amount is allocated for libraries, humanitarian projects and the arts.

Between Sections 8.a. through 8.o., 100% of the states' reimbursement money has been accounted for. This will pre-empt the states from squabbling over how their reimbursement money should be spent. These programs represent our commitment to the common good, and in conjunction with Social Security and National Health Care, define us as a nation. Additionally, requiring 83% of the state's reimbursement money be dispersed at and accounted for at the county level makes great sense. It is at the county level that local officials, under the scrutiny of the local population, can judge most clearly the worthiness of the applicants they deem worthy to fund. And, local officials making local decisions is in our best interest.

In keeping with our tradition of local scrutiny, please note that criminal penalties are assessed to those who would try to steel from this revenue. It is plainly stated at the beginning of this section: "State legislatures shall allocate 100% of their reimbursement money on an annual basis

with independent citizen oversight, mandatory annual financial audits and prosecution for criminal misuse of funds." This should help dissuade people from even thinking about trying to steel from the public coffer.

The amount of money the federal government will be reimbursing the states will be a minimum of $325 billion dollars per year. This is an enormous amount of money and will help each state meet their financial obligations. This will help each state balance their budgets and will probably allow them to reduce the taxes they impose upon their residents.

Section 8.d. - p. Disbursement of Reimbursement Funds -The Solution

d. 10% distributed to the state's county's, based on the county's population, for the purpose of providing housing for battered women and their children; clean, safe and affordable housing for low-income senior citizens, the homeless and those in danger of becoming homeless such as the disabled and veterans; homeownership assistance for the disabled, military veterans and low-income families; and repairs and accessibility improvements to apartments for low-income individuals, low income families, senior citizens and disabled citizens. This money shall not be distributed to nonprofit organizations.

e. 2% distributed to the state's county's, based on the county's population, for the purpose of caring for the needs of the mentally disabled including, but not limited to, medical services, housing, vocational training and job placement.

f. 1% distributed to the state's county's, based on the county's population, for the purpose of food distribution for low-income individuals, low-income families, senior citizens and the homeless. Fresh whole foods must be emphasized and provided when possible.

g. 2% distributed to the state's county's, based on the county's population, for the purpose of funding nonprofit humanitarian projects. The maximum amount of funding any nonprofit shall receive in any calendar year shall not exceed 5% of the total available funds allocated to this program.

h. 2% distributed to the state's county's, based on the county's population, for the purpose of funding nonprofit cultural organizations for theatre, music, art, dance and literature. The maximum amount of funding any nonprofit may receive in any calendar year may not exceed 5% of the total available funds allocated to this program.

i. 1% distributed to the state's county's, based on the county's population, for the purpose of funding crime prevention programs to be administered through local police departments.

j. 1% distributed to the state's county's, based on the county's population, for the purpose of funding public libraries to ensure that public libraries are open to the public seven days per week.

k. 1% distributed to the state's county's, based on the county's population, for the purpose of acquiring wetlands and open spaces that shall remain undeveloped into perpetuity.

l. 3% distributed to the state's county's, based on the county's population, for the purpose of funding drug prevention programs and drug rehabilitation treatment centers. These treatment centers shall include nutritional supplementation and acupuncture as part of their rehabilitation protocol.

m. 2% distributed to the state's county's, based on the county's population, for the purpose of funding adult education and job training programs.

n. 3% distributed to the state's county's, based on the county's population, for the purpose of funding day care centers for the working poor. These day care centers must be open between the hours of 7:00 am and 7:00 pm and provide an educational, learning environment for the children.

o. 50% distributed to the state's county's, based on the county's population, for the purpose of funding Public Education. (See separate funding proposal in Appendix G.)

p. If and when a designated program from Section 8.a. to Section 8.o. has been fully funded, future funding for that program may be applied to other programs listed above.

Government Rebates - Discussion

The final safeguard for taxpayers is the tax rebate. The rebates are sent to all taxpayers by the 15th of April for the collection of taxes from the prior year. For example, the rebates sent out by April15th of 2006 would be for taxes collected in 2005. This rebate schedule ensures that no one among us is too disproportionately discriminated against by our tax system.

There will be those that will look at this rebate schedule and complain that the people with low income are no longer paying taxes or are not paying enough in taxes. This is not true. Like everyone else, the low-income people pay 14.2 % of their annual gross income into the system for Social Security, Medicare, National Health Care and Public Education. However, asking these people to pay taxes at the same percentage rate as the higher income people is inherently unfair. The lower income people simply have less disposable income than the higher income people. Therefore, the effect of taxing 14.2 % of annual gross income on someone who makes $20,000.00 per year compared to someone who makes $1,000,000.00 per year is obvious. It devastates the lower income people while barely affecting the higher income people. To help remedy this situation, a tax rebate has been put in place. This results in proportional tax representation while not compromising on our ability to collect everyone's fair share of the tax burden.

For example, an individual with an annual gross income of $15,000.00 would receive a rebate of $1,100.00. This reduced his/her original payroll tax contributions from $2,130.00 to $1,030.00, an effective tax rate of 6.86%. After paying taxes, this individual has only $13,970.00 on which to live. This is a very small amount of money with which to pay rent and utilities, purchase clothing and groceries, and other necessities.

A family of four whose annual gross income is $20,000.00 receives a rebate of $2,000.00, reducing their tax from $2,840.00 to $840.00, an effective tax rate of 4.2%. After paying taxes, this family has only $19,160.00 on which to survive.

Contrast this with a family of four that has an annual gross income of $50,000.00. This family will pay $7,100.00 in taxes and receive no rebates, an effective tax rate of 14.2%. However, after paying their taxes, they still have $42,900.00 on which to live. And remember, their living expenses have been greatly reduced because they are no longer responsible for any other health care costs (National Health Care), they can send their children to excellent public schools including college or vocational school free of charge, and they are no longer paying personal income taxes.

Let us look at a few more examples. Assume a family or an individual has annual gross income of $100,000.00. They would pay $14,200.00 in taxes, an effective tax rate of 14.2%. After paying their taxes, they still have $85,800.00 on which to live, and they no longer have any medical bills (National Health Care), their kids can go to college free, and they are no longer paying personal income taxes.

Above $100,000.00 in annual gross income, the effective tax rate continues to increase. For example, an individual or family with annual gross income of $150,000.00 would pay $22,720.00 in taxes, an effective tax rate of 15.14%. After paying their taxes, they still have $127,300.00 on which to live. An individual or family with annual gross income of $250,000.00 would pay $41,180.00 in taxes, an effective tax rate of 16.47%. After paying their taxes, this individual or family still has $208,820.00 on which to live.

And finally, let us look at someone who has annual gross income of $1,000,000.00 per year. This person or family would pay $269,800.00 in taxes, an effective tax rate of only 26.98%. After paying their taxes, this individual or family still has $730,200.00 on which to live.

Annual Gross income	**Individual/ Family**	**Total Payroll Taxes paid**	**Rebate**	**Taxes Paid**	**Effective Tax Rate**
$ 15,000.00	Individual	$ 2,130.00	$1,100.00	$ 1,030.00	6.86
15,000.00	Family of 2	2,130.00	1,500.00	630.00	4.20
20,000.00	Individual	2,840.00	1,100.00	1,740.00	8.70
20,000.00	Family of 4	2,840.00	2,000.00	840.00	4.20
50,000.00	Individual	7,100.00	N/A	7,100.00	14.20
50,000.00	Family of 4	7,100.00	N/A	7,100.00	14.20
100,000.00	Ind/Family	14,200.00	N/A	14,200.00	14.20
150,000.00	Ind/Family	22,720.00	N/A	22,720.00	15.14
250,000.00	Ind/Family	41,180.00	N/A	41,180.00	16.47
320,000.00	Ind/Family	55,664.00	N/A	55,664.00	17.39
650,000.00	Ind/Family	142,000.00	N/A	142,000.00	21.84
1,000,000.00	Ind/Family	269,800.00	N/A	269,800.00	26.98

It is important to note that everyone benefits from this tax reform plan because everyone, whether earning $15,000.00 or $1,000,000.00 per year, is the recipient of National Health Care, excellent public schools, the guarantee that Social Security benefits will be available upon retirement, and personal income taxes are a thing of the past. It should also be noted that other benefits will accrue to all Americans, and these are enumerated in Section 8.

9. GOVERNMENT REBATES - The Solution

Rebates are based on the taxpayer's annual gross income. Rebates shall be sent to taxpayers by the 15th of April in the year after the tax revenue has been collected.

REBATE SCHEDULE

Rebate	First Person	Up to Two-Person Family	Up to Three-Person Family	Up to Four-Person Family
base*	$11,000.00 base*	$15,000.00 base*	$19,000.00 base*	$22,499.00 base*

* base = 10% up to amount cited in each category.

No rebates to anyone who makes more than $22,499.00.

Examples:

First Person Annual Gross Income	Rebate
$ 9,000.00 = 10% of $ 9,000.00	$ 900.00
$11,000.00 = 10% of $11,000.00	$ 1,100.00
$12,000.00 = 10% of $11,000.00	$ 1,100.00
$22,499.00 = 10% of $11,000.00	$ 1,100.00
$22,500.00 = No rebate	No rebate

Two-Person Family Annual Gross Income	Rebate
$11,000.00 = 10% of $11,000.00	$ 1,100.00
$15,000.00 = 10% of $15,000.00	$ 1,500.00
$16,000.00 = 10% of $15,000.00	$ 1,500.00
$22,499.00 = 10% of $15,000.00	$ 1,500.00
$22,500.00 = No rebate	No rebate

Three-Person Family Annual Gross Income	Rebate
$11,000.00 = 10% of $11,000.00	$ 1,100.00
$19,000.00 = 10% of $19,000.00	$ 1,900.00
$20,000.00 = 10% of $19,000.00	$ 1,900.00
$22,499.00 = 10% of $19,000.00	$ 1,900.00
$22,500.00 = No rebate	No rebate

Four-Person Family Annual Gross Income	Rebate
$11,000.00 = 10% of $11,000.00	$ 1,100.00
$15,000.00 = 10% of $15,000.00	$ 1,500.00
$19,000.00 = 10% of $19,000.00	$ 1,900.00
$22,499.00 = 10% of $22,499.00	$ 2,249.00
$22,500.00 = No rebate	No rebate

Alternative Medicine - Discussion

You will notice that an entirely new institution has been created, the Department of Alternative Medicine. This was necessary because the current department of Complementary and Alternative Medicine, a division within the National Institutes of Health, has not funded the clinical trials many in the alternative medical community had hoped for.

Why clinical trials on cesium, ozone therapy, Rife Technology, the Bob Beck protocol and other breakthrough treatments for cancer, heart disease, AIDS and other major illnesses were not funded remains a matter of speculation. At this point, all that maters is to get these trials underway and the only logical way to guarantee that this happens is to create a new agency whose purpose is to accomplish this goal. Additionally, Section 10. h. eliminates up front the possible potential controversies that might surround the attempt to duplicate clinical findings pertaining to the protocols used by original researchers.

To ensure adequate funding for the Department of Alternative Medicine, $2 billion dollars per year has been allocated for the first five years. This will allow clinical trials of the top alternative medicine protocols to commence and have enough money left over to finance other areas worthy of research. For example, this department now has the money to finance the first large scale human trials for cesium. Since this mineral has already undergone in vitro, animal and small scale human studies, all that is left to determine its effectiveness are large scale human clinical trials. If, as seems likely, it proves successful we will have a treatment that will cure some cancers for under $700.00. This is less that 1% of the cost of current cancer treatments and therefore represents a tremendous cost savings to our health care system.

It has been predicted that within five years from the date the Department of Alternative Medicine comes into existence, breakthrough treatments for cancer, heart disease and AIDS will be introduced to the public. Ounce these breakthrough treatments are incorporated into mainstream medicine, our citizens will receive medical care that is less invasive and more effective than the treatments currently in use. And, from a taxpayer's point of view, the upfront costs associated with funding the Department of Alternative Medicine will seem insignificant when compared to the enormous savings that will be generated by the implementation of these protocols.

10. ALTERNATIVE MEDICINE - The Solution

Congress shall create a new agency to be called, "The Department of Alternative Medicine." This agency shall be totally independent from other agencies. The Department of Alternative Medicine's purpose is to fund non-toxic research and development proposals and clinical trials in the fields of science, technology and medicine, leading to the prevention and treatment of medical conditions such as obesity, diabetes, heart disease, kidney disease, arthritis, neurological, auto immune, cancer and other chronic diseases.

a. Congress shall allocate $2,000,000,000.00 ($2 billion) annually for five consecutive years to begin funding the Department of Alternative Medicine.

b. To accomplish the objective, the Department of Alternative Medicine shall fund non-toxic proposals that include, but are not limited to, the use of herbs, foods, diet, nutritional supplements, vitamins, minerals, exercise, harmonics, electro-medicine and meditation to treat cancer and other diseases. This also includes acupuncture and herbal formulas from around the world. It is specifically understood that the Department of Alternative Medicine shall not fund proposals that contain radiation, drugs or surgery as part of their protocols.

c. The Department of Alternative Medicine shall fund clinical trials that include, but are not limited to, the following protocols for the treatment of cancer and other diseases: Cesium, Ozone RHP, and the Bob Beck protocol. Funding for the perfection of Rife Technology shall be made a priority, and when successful, clinical trials using Rife Technology shall begin immediately.
d. All proposals funded by the Department of Alternative Medicine shall meet the same scientific standards required of proposals funded through the National Institutes of Health.
e. It is specifically understood that all medical, scientific and administrative employees within the Department of Alternative Medicine and outside advisors to the department, have no financial ties to corporations that would benefit from the proposals under consideration. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the research, development or implementation of these proposals.
f. Proposals to the Department of Alternative Medicine shall be accepted only from individuals or corporations with fewer than 25 employees. These corporations shall not be subsidiaries of larger corporations. It is specifically understood that applicants have no financials ties to larger corporations that would directly benefit from these proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to larger corporations that would benefit from the proposal.
g. Research and development proposals shall be under 20 pages in length. The proposals shall be evaluated within 180 days. Rejected proposals shall have explanations in writing detailing the reasons for the rejection. Applicants may resubmit corrected proposals one more time.
h. Proposals and clinical trials may be duplicated if reviewers are trying to verify results, negative or positive. In these cases, the protocols that were used in the original proposal shall be followed exactly, with no changes whatsoever.

Some Final Thoughts

I am always amazed at how complicated it is to pay taxes. As a business owner, I have never understood why so much time, energy and money had to be expended on the administrative and record-keeping requirements needed to pay taxes. The records are diligently kept, prepared, and sent to our accountants and tax attorneys. From these records, the accountants and tax attorneys try to figure out what taxes are owed. Then, they spend additional time and energy trying to figure out how not to pay the taxes they just determined were due. And, after all this is done, they send you a bill! It seemed to me that this was a colossal waste of time, energy and money. After observing this for too many years, I decided something had to be done.

I began by looking at the tax code. Even a cursory glance reveals a most startling fact. It's huge! It's over 13,500 pages and intuition immediately tells you that something is wrong. A tax code this big means that it is too complicated and convoluted for common sense to prevail. Therefore, it must be designed to be this way; it must be designed to hide something.

In point of fact, the tax code is designed this way on purpose. It is designed to hide something in plain sight and that something is the tax deduction. The noble purpose of the tax deduction has long been forgotten. The use of the tax deduction to implement just economic or social policy for the majority has given way to the narrow interests of the few. Now, the basic driving force for a majority of tax deductions is greed, and the bottom line is that most of these deductions are now merely ways for corporations and wealthy individuals to get out of paying taxes.

The fact that we have one tax deduction means that another tax deduction will be created. The fact that one group or individual is successful in obtaining a deduction means that others will demand the same. One deduction begets another, and another deduction begets another, and so on and so forth. This becomes a cascading force like an avalanche going downhill. It creates its own energy dynamic and becomes unstoppable. This is what is happening and under the current tax system there is no way to stop it.

To this end, millions and millions of dollars are spent on lobbying efforts trying to gain a tax deduction for one group or another. These millions foster and encourage the Congressional scandals we see today. No one can seriously look at the 13,500 pages in the tax code and tell us that the majority of deductions are there for the benefit of the nation. They are there mainly for the advantage of the few who are motivated by greed to get out of paying taxes. It is time to stop this unfair use of the tax code. It's time to start over, time for a fresh start. This fresh start requires a solution that does not allow for the possibility of recreating the shenanigans we see today.

This proposal addresses the problem by simply eliminating all tax deductions. Abolishing all tax deductions eliminates the necessity of writing the 13, 500 pages that make up the current tax code. This evens the playing field of taxation, makes everyone pay their fair share of taxes, and will eliminate most of the fraud and corruption surrounding the current tax code.

A question naturally arises, "Will this tax reform plan generate enough revenue to run the government?" The answer is yes, and more. This proposal raises a staggering $3.35 trillion dollars per year and this amount was arrived at by using very conservative numbers based on past economic activity. When this reform plan is enacted into law and economic activity increases, government revenue will increase even more. This is because this tax reform plan is actually the greatest economic growth and stimulus package ever proposed. For example:

> Section 1.a. and Section 2. reduce individual and corporate taxes. This leaves more money for investments, and as investments increase the economy expands.
>
> Section 1.c. discourages American corporations from moving their factories to foreign countries. This has enormous implications for our economy, not the least of which is to restore our manufacturing base for commercial and military products. This keeps millions of jobs in the United States, and these employed people pay taxes, generating revenue for the government.
>
> Section 3.d. permits all qualified students to attend college or vocational school free of charge. This will supply our society with the educated and skilled work force needed to compete in the 21st century economy. Educated people and skilled workers expand the middle class, and an expanding middle class expands the economy, and an expanding economy creates more tax revenue.
>
> Section 7.b.iii. requires major components of the technologies used to build the infra-structure of our new renewable, non-polluting energy economy be built in the United States. Manufacturing the solar panels, wind turbines and high speed trains and their

engines here, in the United States, will produce thousands of high paying jobs. These jobs will be from many industries and will help lead the expansion of our economic base, and this will generate more revenue for the government.

Section 8.a. funds research and development proposals for science, technology, and medicine. The results from funding so many diverse proposals will lead to many important breakthroughs that will help America regain and maintain its leadership position in many important areas. These breakthroughs will generate enough economic productivity to pay back all government expenditures for this program, and all social programs proposed in this tax reform plan.

Section 8. returns to the states over $325 billion dollars per year. This allows each state to solve their fiscal crisis and balance their budgets. Now, instead of massive layoffs of teachers and other public employees, the states' can retain their civil servants and stop the downward spiral of their economies.

Section 8.c. funds light rail and mass transit projects. When combined with the funding increase ear marked for the Department of Transportation (see budget projections, page 121), we will have the funding necessary to completely repair and expand our deteriorating infrastructure. The return on investment from this massive undertaking will produce an economic expansion similar to the one that occurred during and after the building of our inter-state highway system in the 1950's.

When all of the above factors are taken into account, the tax revenue raised by this tax reform plan will greatly exceed the $3.35 trillion dollar figure cited earlier. This means that the government will be able to fund all current programs and may use the surplus to fund additional programs without endangering the economy. And, increasing government revenue cannot happen quickly enough because current revenue is inadequate.

For example, in fiscal 2007, the government budget is projected to be $2.8 trillion dollars, however, only $2.4 trillion dollars will actually be collected. If this new tax system had been in place for fiscal 2007, then instead of raising $2.4 trillion dollars, we would have raised $3.35 trillion dollars. This means that for fiscal 2007, we would have operated with a budget surplus of $550 billion dollars rather than with a budget deficit of $400 billion dollars, which has to be added to the national debt. The national debt is now over $8.5 trillion dollars and is projected to rise to over $10 trillion dollars in the immediate future.

It is important to point out that many observers believe that the national debt is not really $8.5 trillion dollars. They note that the $8.5 trillion dollar figure was arrived at by using the "cash" method for accounting purposes, and the cash method does not take into account future obligations. When the accrual method of accounting is employed and all future government obligations, such as for Medicare and Social Security are taken into account, the national debt rises to $49 trillion dollars. A liability of this magnitude makes it even more imperative to pay off the national debt because of the effects the national debt has on the economy.

The national debt forces interest rates to rise. This raises interest rates for anyone who wants to buy a car, raises mortgage rates for anyone who wants to buy a house, and raises credit rates for the businessman who wants to borrow money. The national debt also decreases overall investments. The fact that we have a national debt means that we have to pay interest on the debt, and this year the interest on the debt is $250 billion dollars. This is money that could be spent in much better ways. The national debt also places an undue burden on future generations who will be responsible for paying off the debt. All of these consequences have a negative impact on the economy.

Eliminating the national debt has the opposite effect. It lowers interest rates on financial instruments and increases investments. These are positive developments for the economy. And, future generations will thank us for not placing the responsibility of paying off the debt on those that had no part in making it.

It is important to examine the overall effect this tax reform plan will have on our society. Because this proposal solves our healthcare problems, gives everyone a free education from kindergarten through college or vocational school, protects American workers and creates new industries and 21st century jobs, the poor will be elevated to middle class status.

It will also slow down and reverse the growing number of middle-class people who are slipping into lower-class status. The combination of increasing the number of highly educated, affluent middle-class people coupled with decreasing the number of poorly educated, lower-class people are the two most important factors necessary to stabilize and protect our democracy. This tax reform plan helps accomplish this goal. And remember, it does all this while lowering taxes!

Our country needs serious tax reform and it needs it now. And, our best hope for serious tax reform is through this tax reform plan. From a structural point of view, the reforms outlined in this plan eliminate up front the problems associated with the current tax code. Compliance and revenue go up while fraud goes down. The middle class will increase in numbers and the economy will prosper. It accomplishes all this through simple concepts that are easy to understand and fair to all. Ultimately, this will guarantee acceptance because simplicity, wrapped in fairness, eventually reigns supreme.

Fishman's Framework for Tax Reform

1. **BUSINESS TAXES (Businesses defined as, but not limited to corporations, general partnerships, sole proprietors, etc.)**

   a. **Gross Sales Tax**

   The Gross Sales Tax applies to all businesses operating within the United States; on all their products and services sold within the United States and to foreign countries. There are absolutely no deductions of any kind.

Bracket	Gross Sales	Percentage	Tax Base
1	under $250,000.00	x 0.50%	= $
2	from $250,000.00 and under $500,000.00	x 0.75%	=
3	from $500,000.00 and under $1Million	x 1.00%	=
4	from $1Million and under $2.5Million	x 1.30%	=
5	from $2.5Million and under $5Million	x 1.70%	=
6	from $5Million and under $10Million	x 1.90%	=
7	from $10Million and under $50Million	x 2.10%	=
8	$50Million and more	x 2.25%	= _____
		Total Amount Due:	**$**

In ascending order, separate the annual gross sales into the appropriate bracket(s), multiply by the corresponding percentage, and place the results in the **Tax Base** column. Add the results in the **Tax Base** column together to determine the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (To calculate these taxes please see examples in Appendix A.)

1) This tax will cover the vast majority of businesses. An independent committee, appointed by congress, shall determine the exceptions and make the appropriate tax obligation adjustments so that those businesses granted exception status shall pay their business taxes equivalent to businesses who are paying the business gross sales tax.

2) It is specifically understood that all members of this independent committee shall have no financial ties to any business or subsidiary of any business that would benefit from the determinations made by this committee. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to businesses or subsidiaries of businesses that would benefit from these determinations.

   b. **Payroll Taxes**

   Business payroll taxes apply to all businesses operating within the United States. These taxes are collected and sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006.

i. Medicare:
2.8% tax based on employee annual gross wages, with no upper limit, whether the employee is working full-time or part-time.
ii. Social Security:
5.2% tax based on employee annual gross wages, with no upper limit, whether the employee is working full-time or part-time.
iii. National Health Care:
3% tax based on employee annual gross wages, with no upper limit, whether the employee is working full-time or part-time.
iv. Employer unemployment taxes remain as per current law.

c. **Foreign Business Taxes** (Foreign businesses defined as but not limited to corporations, general partnerships, sole proprietors, etc.)

i. 4% tax based on the gross sales applies to all products and services sold to the United States from foreign countries. The tax shall be paid to the United States government on a per-invoice basis at the time of the transaction.
ii. The following additional taxes shall be applied to the gross sales of all products and services sold to the United States from foreign countries. These taxes shall be paid to the United States government on a per-invoice basis at the time of the transaction. These taxes shall go into effect twelve months after they have been signed into law.
1) If the country of origin is nondemocratic, the tax is: 10%
2) If the country of origin uses slave labor, the tax is: 10,000%
3) If the country of origin allows child labor that is in violation of United States child labor laws, the tax is: 500%
4) If the country of origin pays unfair wages, the tax is: 50%
(Unfair wages defined as the country of origin paying less than 80% of wages paid in a corresponding American industry after adjusted for currency differences.)
5) If the country of origin does not enforce worker safety regulations to United States standards, the tax is: 30%
6) If the country of origin does not provide worker health services equal to the health services provided by United States manufacturers, the tax is: 30%
7) If the country of origin does not enforce environmental protection standards at least equal to those enforced in the United States, the tax is: 30%

2. INDIVIDUAL PAYROLL TAXES

Individual payroll taxes are taxes for Social Security, Medicare, National Health Care and Public Education. These taxes are based on the individual's annual gross income. Income includes wages, salaries, fees, commissions, rental property income, dividends, capital gains under some circumstances, the proceeds from the sale of a business, trust fund money, gifts valued at $15,000.00 and above, and any and all types of employment compensation including, but not limited to, bonuses, stock options, insurance policies,

legal services, country club memberships, cars, etc. There are no upper limits to taxable annual gross income.

In ascending order, separate the annual gross income into the appropriate annual gross income bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column. Add the results in the tax base column together to determine the **Total Tax Base**. The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed to each program. Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (See examples in Appendix C.)

Bracket	**ANNUAL GROSS INCOME**		**Percentage**		**Tax Base**
1	up to $100,000.00	x	10%	=	
2	between $100,001.00 & $200,000.00	x	12%	=	
3	between $200,001.00 & $300,000.00	x	14%	=	
4	between $300,001.00 & $400,000.00	x	16%	=	
5	between $400,001.00 & $500,000.00	x	18%	=	
6	above $500,000.00	x	20%	=	_____
			Total Tax Base:		**$_____**

i. multiply the Total Tax Base by 72% = Amount due Social Security
ii. multiply the Total Tax Base by 30% = Amount due Medicare
iii. multiply the Total Tax Base by 30% = Amount due National Health Care
iv. multiply the Total Tax Base by 10% = Amount due Public Education

Total Amount Due: $ _____

1) The employer shall be prohibited from paying these taxes on behalf of the employee.
2) For individuals with additional income that has not been taxed, the additional income is added to the total of their prior taxed wages/income to determine the applicable annual gross income bracket(s) of this additional income. The additional income is then placed in the appropriate bracket(s) and multiplied by the corresponding percentages, and the results are placed in the **Tax Base** column. This is added together to determine the **Total Tax Base**. The **Total Tax Base** is then used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education based upon the methodology listed above. The individual then sends the **Total Amount Due** to the government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (Appendix C.)

3. **SOCIAL SECURITY, MEDICARE, NATIONAL HEALTH CARE, PUBLIC EDUCATION**

No programs shall be funded until Social Security, Medicare, National Health Care and Public Education have been fully funded.

a. **Social Security**

i. It is specifically understood that Congress shall fund any shortages that may occur if funding from Section 1. (b) and Section 2. do not cover all costs associated with the Social Security program. Congress shall not fund other programs until Medicare, National Health Care, Social Security and Public Education have been fully funded.

ii. Social Security benefits are based on taxpayer contributions made during their working years as defined by law as of January 1, 2005. The percentage of benefits paid out is based on income during eligible retirement years. Income includes wages, salaries, fees, commissions, rental property income, dividends, capital gains under some circumstances, the proceeds from the sale of a business, trust fund money, gifts valued at $15,000.00 and above, any and all types of employment compensation including, but not limited to, bonuses, stock options, insurance policies, legal services, country club memberships, cars, etc. There are no upper limits to taxable annual gross income.

iii. All eligible recipients shall receive some Social Security benefit. Those making $75,000.00 or less in annual income shall receive 100% of their Social Security Benefit. For those who earn between $75,000 and $95,000.00 in annual income, their benefit is reduced by .38% for each additional $100 they earn. Those persons earning above $100,000 in annual income shall receive a flat rate of 5% of their Social Security benefit.

b. **Medicare**

The following additions and changes pertain to the current Medicare program. When Medicare and its funding become part of National Health Care, National Health Care rules and regulations shall supersede Medicare rules and regulations.

i. **Funding**

Medicare shall be funded by Section 1. (b) and Section 2. It is specifically understood that Congress shall fund any shortages that may occur if funding from Section 1. (b) and Section 2. do not cover all costs associated with the Medicare program. Congress shall not fund other programs until Medicare, National Health Care, Social Security and Public Education have been fully funded.

ii. **Eligibility**

Eligibility requirements for Medicare remain as per current law, 2006.

iii. **Health Services Covered**

This program will cover all medically necessary services, including primary care, inpatient care, outpatient care, emergency care, prescription drugs, herbal formulas, durable medical equipment, long-term care, mental health services, dentistry, eye care, chiropractic, acupuncture, and substance abuse treatment. Patients have their choice of physicians, chiropractors, acupuncturists, providers, hospitals, clinics, and practices. Medicare participants have their choice of physicians, chiropractors, acupuncturists, providers, hospitals, clinics, and practices.

iv. **Health Practitioners**

In general, Medicare shall pay physicians, dentists, doctors of osteopathy, psychologists, chiropractors, acupuncturists, doctors of optometry, nurse practitioners, nurse midwives, physicians' assistants, and other advanced practice clinicians as licensed and regulated by the states.

v. **Practitioner Scope of Practice**

It is specifically understood that licensing in one medical profession does not give license to practice in another medical profession. If a licensed health care professional in one medical profession wishes to practice in another medical profession, he/she shall go through the same schooling and licensing procedures required by law of the other medical profession.

vi. **Working Conditions**

Interns and other medical professionals shall not work more than 12 hours per shift. All medical personnel shall rest a minimum of eight (8) hours between shifts.

vii. **Nutrition**

1) All institutions that receive Medicare funding shall provide their patients with high-quality foods that emphasize a whole food, plant-based diet (fresh vegetables, fresh fruits, seeds, nuts, whole grains, etc.) with appropriate amounts of high quality lean meats and fish.
2) Fried foods and prepackaged processed foods such as canned vegetables, canned fruit, canned soups and luncheon meats are prohibited and shall not be served to patients.
3) All products that contain growth hormones are prohibited and shall not be served to patients.
4) Foods and beverages that contain refined flour, trans-fats, hydrogenated or partially hydrogenated oils, dyes, msg, high-fructose corn syrup, or artificial sweeteners are prohibited and shall not be served to patients.
5) "Junk foods" such as candy bars, soft drinks or other sugary foods and drinks including fruit juices, are prohibited and shall not be served to patients.

6) All Health care practitioners shall emphasize nutritional supplements as part of preventive care for their patients

viii. **Inspections**

All Medicare medical facilities, whether government owned or privately contracted for, including hospitals and clinics, shall be subject to random, unannounced inspections to determine if they are clean, safe and providing adequate medical care to their patients. Public organizations such as television stations, radio stations, and senior citizen and veterans groups shall not be denied access to inspect and report on these institutions. Patients, whether civilian or military, shall not be prohibited from voicing their concerns and complaints to investigators and shall not be punished in any way for presenting their opinions.

ix. **Cost Controls**

1) Congress shall create an independent oversight committee to set payment schedules for all medical products, fees and services. The committee personnel shall include members from all fields that provide medical products and services to Medicare, from academic institutions, and from the public at large

2) It is specifically understood that all members of this committee, administrative employees and outside advisors to this committee have no financial ties to corporations that would benefit from the recommendations. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the implementation of these recommendations.

3) The recommendations of this committee shall be sent to Congress and Congress shall be prohibited from altering in any way or making any changes to the recommendations. Congress shall vote only to accept or reject the recommendations in its entirety.

c. **National Health Care**

i. **Funding**

1) National Health Care shall be funded by Section 1.b.i, Section 1.b. iii, Section 2.ii., and Section 2.iii. Congress shall not fund other programs until Medicare, National Health Care, Social Security and Public Education have been fully funded.

2) The tax revenue from the sources cited above shall be put into a new, separate account to be called the National Health Care Trust Fund, subject to the conditions detailed below. Once money is put into this trust fund it shall be used only for National Health Care purposes. Under no circumstances shall money in the trust fund be lent to the government to fund other government obligations.

3) Funding the National Health Care Trust fund shall begin as follows:

a) In the first year after this reform plan has been signed into law, Congress shall place $750 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes dedicated to National Health Care above $750 billion dollars may be used for other government purposes.

b) In the second year after this reform plan has been signed into law, Congress shall place $850 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes dedicated to National Health Care above $850 billion dollars may be used for other government purposes.

c) In the third year after this reform plan has been signed into law, Congress shall place $950 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes dedicated to National Health Care above $950 billion dollars may be used for other government purposes.

d) In the fourth year after this reform plan has been signed into law, Congress shall place $1,050 billion dollars of the money raised by the specific taxes that fund National Health Care into the National Health Care Trust Fund. Any surplus funds raised by the specific taxes dedicated to National Health Care above $1,050 billion dollars may be used for other government purposes.

e) In the fifth year after this reform plan has been signed into law, and thereafter, all revenue raised by the specific taxes that fund National Health Care shall be placed into the National Health Care Trust Fund.

f) If the revenue raised by the specific payroll taxes sited above do not cover all costs and projected costs of National Health Care, Congress shall do one or more of the following to ensure that the National Health Care Trust Fund always has sufficient revenue to meet its obligations:

i. Add additional revenue from the general fund.

ii. Create new health care taxes to be placed on alcohol, tobacco and "junk foods."

iii. Incrementally raise payroll tax contributions from employers and employees.

ii. **Eligibility**

Every person living in or visiting the United States and the U.S. Territories shall be eligible to receive universal, best quality care.

iii. **Health Care Services Covered**

1) This program shall cover all medically necessary services, including primary care, inpatient care, outpatient care, emergency care, prescription drugs, herbal formulas, durable medical equipment, long-term care, mental health services, dentistry, eye care, chiropractic, acupuncture, and substance abuse treatment. Patients have their choice of physicians, chiropractors, acupuncturists, providers, hospitals, clinics, and practices. No deductibles are permissible under this act.

2) Private health insurers shall be prohibited under this act from selling coverage that duplicates the benefits of this program. Exceptions to this rule include coverage for cosmetic surgery, and other medically unnecessary treatments. Those who are displaced as the result of the transition to a nonprofit health care system shall be the first to be hired and retrained under this act.

iv. **Eligible Practitioners**

In general, National Health Care shall pay physicians, dentists, doctors of osteopathy, psychologists, chiropractors, acupuncturists, doctors of optometry, nurse practitioners, nurse midwives, physicians' assistants, and other advanced practice clinicians as licensed and regulated by the states.

v. **Practitioner's Scope of Practice**

It is specifically understood that licensing in one medical profession shall not give license to practice in another medical profession. If a licensed health care professional in one medical profession wishes to practice in another medical profession, he/she shall go through the same schooling and licensing procedures required by law of the other medical profession.

vi. **Co-payments**

Co-payments are not allowed under any circumstances.

vii. **Working Conditions**

Interns and other medical professionals shall not work more than 12 hours per shift. All medical personnel shall rest a minimum of eight (8) hours between shifts.

viii. **Nutrition**

1) All institutions that receive National Health Care funding shall provide their patients with high quality foods that emphasize a whole food, plant-based diet (fresh vegetables, fresh fruits, seeds, nuts, whole grains, etc.) with appropriate amounts of high quality lean meats and fish.

2) Fried foods and prepackaged processed foods such as canned vegetables, canned fruit, canned soups and luncheon meats are prohibited and shall not be served to patients.

3) All products that contain growth hormones are prohibited and shall not be served to patients.

4) Foods and beverages that contain refined flour, trans-fats, hydrogenated or partially hydrogenated oils, dyes, msg, high-fructose corn syrup, or artificial sweeteners are prohibited and shall not be served to patients.

5) "Junk foods" such as candy bars, soft drinks or other sugary foods and drinks, including fruit juices, are prohibited and shall not be served to patients.

6) All Health care practitioners shall emphasize nutritional supplements as part of a preventive care protocol for their patients.

ix. **Evaluations, Incentives and Penalties**

1) Evaluations

All National Health Care medical facilities such as hospitals and clinics shall receive grades of A, B, C or D. These grades shall reflect the evaluation of these facilities and shall be prominently displayed in all entryways and patient room admitting areas.

The full criteria used to determine the grades given shall be formulated at a later date but must include patient satisfaction, facility cleanliness, and successful resolution of patient conditions.

A grade of "A" shall reflect that the facility is in the top 90% of the established criteria.

A grade of "B" shall reflect that the facility is in the 80% range of the established criteria.

A grade of "C" shall reflect that the facility is in the 70% range of the established criteria.

A grade of "D" shall reflect that the facility is in the 60% range of the established criteria.

2) Incentives

Hospitals, clinics and medical personnel shall receive monetary bonuses to be determined at a later date that include, but are not limited to:

Facilities receiving a grade of "A"

Cutting administrative costs without compromising patient care

Successfully transitioning patients to quit smoking

Successfully transitioning patients to stop abusing alcohol and other drugs

Successfully transitioning patients from obesity to proper weight

3) Penalties:

Congress shall determine monetary penalties to be assessed against hospitals and clinics including, but not limited to lack of successful patient outcome, readmissions, and acquiring infections from these institutions.

x. **Inspections**

All National Health Care medical facilities, whether government owned or privately owned, including hospitals and clinics, shall be subject to random, unannounced inspections to determine if they are clean, safe and providing adequate medical care to their patients. Public organizations such as television stations, radio stations, and senior citizen and veterans groups shall not be denied access to inspect and report on these institutions. Patients, whether civilian or military, shall not be prohibited from voicing their concerns and complaints to investigators. Patients shall not be punished in any way for presenting their opinions.

xi. **Cost Controls**

1) Congress shall create an independent oversight committee to set payment schedules for all medical products, fees and services. The committee personnel shall include members from all fields that provide medical products and services to National Health Care, from academic institutions, and from the public at large.

2) It is specifically understood that all members of this committee, and administrative employees and outside advisors to this committee have no financial ties to corporations that would benefit from the recommendations. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the implementation of these recommendations.

3) The recommendations of this committee shall be sent to Congress and Congress shall be prohibited from altering it in any way. Congress shall vote only to accept or reject the recommendations in its entirety.

d. **Public Education**

i. It is specifically understood that Congress shall sufficiently fund, and help the states sufficiently fund, Public Education so that all Americans shall be able to attend public school, from pre-school through the twelfth grade, and for those that are academically qualified, to attend up to four years of college or three years of vocational school, free of charge. There shall be no unfunded mandates. Congress shall not fund other programs until Social Security, Medicare, National Health Care and Public Education have been fully funded.

ii. The taxes collected from Section 2.iv., and the states' reimbursement money designated in Section 8.o., shall be used only for Public Education.

iii. Unused textbooks and other unused materials shall be made available for purchase by private schools at fair market value.

4. **NATIONAL SALES TAX at the Retail Level**

   a) 5% tax on all retail goods and services except groceries (unprepared food), medicines (prescription drugs, prescribed herbal formulas, prescribed nutritional supplements), property (residential and commercial), speculative financial instruments (stocks, bonds, commodities, etc.), gasoline, government purchases and the sale of a business.

   b) The National Sales Tax shall be administered through the states. The 5% National Sales Tax shall be collected by the states on behalf of the federal government and sent to the federal government within ten (10) days of its collection.

5. **TRANSACTION TAX on PROPERTY and the SALE of a BUSINESS, paid at the time of the transaction.**

   a) **Commercial property:**

      1% tax based on the selling price of commercial property paid by the buyer at the time of the transaction.

   b) **Residential property:**

      1% tax based on the selling price of a residential property paid by the buyer at the time of the transaction.

   c) **Residential rental property:**

      1% tax based on the selling price of a residential rental property paid by the buyer at the time of the transaction.

   d) **Sale of a business or corporation:**

      i. 1% tax based on the selling price of a business or corporation paid by the buyer at the time of the transaction.

      ii. When the proceeds from the sale of a business or corporation transfer to an individual, this amount shall be considered as income and this income shall be subject to the taxes found in Section 2.

6. **CAPITAL GAINS TAX on SPECULATIVE FINANCIAL INSTRUMENTS, COLLECTABLES and PROPERTY. RENTAL INCOME**

   a. **Speculative Financial Instruments and Collectables:**

      i. A capital gain shall be defined as the amount by which the selling price exceeds the purchase price of speculative financial instruments (stocks, bonds, commodities, options, derivatives, etc.) or collectables.

      ii. A capital loss shall be defined as the amount by which the purchase price exceeds the selling price of speculative financial instruments (stocks, bonds commodities, options, derivatives, etc.) or collectables.

      iii. All expenses involved with the purchase or sale of speculative financial instruments or collectables are not deductible expenses and shall not be used to reduce, delay or eliminate the basis for determining the capital gains tax owed.

iv. Dividends from speculative financial instruments that are not reinvested in their respective products but are distributed to investors shall be considered as income in the year they are received and subject to the taxes found in Section 2.

v. Speculative financial instruments and/or collectables sold prior to 366 days from the date of their purchase shall be taxed at 27% of their capital gain.

vi. Speculative financial instruments and/or collectables sold 366 days or more after the date of their purchase shall be taxed at 13.5% of their capital gain.

vii. The portion of capital gains realized in a calendar year (January 1 through December 31) that exceeds the annual gross income received in the same calendar year shall be redefined as income and this amount shall be subject to the taxes found in Section 2.

For example, assume a taxpayer has an annual gross income of $100,000.00 and in the same calendar year realizes a capital gain of $400,000.00. The taxpayer in this example would subtract the annual gross income ($100,000.00) from the capital gain ($400,000.00) and the difference ($300,000.00) would be redefined as income. This $300,000.00 of "redefined income" shall be added to his/her previous income of $100,000.00 which now totals $400,000.00 of "income." This $400,000.00 is now subject to the taxes found in Section 2., and leaves $100,000.00 subject to the capital gains tax.

viii. Those taxpayers whose income is based on the buying and selling of speculative financial instruments and/or collectables shall deduct their capital losses from their capital gains in the same year that the capital loss and the capital gain occurred, and this shall determine their income. Their income will then be subject to the taxes found in Section 2.

b. **Property**

i. A capital gain shall be defined as the amount by which the selling price of a residential or commercial property exceeds the purchase price of the property.

ii. A capital loss shall be defined as the amount by which the purchase price of a residential or commercial property exceeds the selling price of the property.

iii. All expenses associated with the purchase or sale of a property including, but not limited to commissions, appraisals, points, title, fees, etc., and interest on the mortgage are not deductible expenses and shall not be used to reduce, delay or eliminate the basis for determining the capital gains tax owed.

iv. Commercial property:

1) Commercial property sold prior to 366 days from date of its purchase shall be taxed at 27% of the capital gain.

2) Commercial property sold 366 or more days after date of its purchase shall be taxed at 13.5% of the capital gain.

v. Residential property:

1) If a residential property was the primary residence of the seller for two of the prior five years, the capital gains tax is 13.5% on the capital gain above $250,000.00. There is no capital gains tax on the first $250,000.00 of the capital gain.

2) If a residential property was the primary residence of the sellers for two of the prior five years and the sellers are a married couple, the capital gains tax is 13.5% on the capital gain above $500,000.00. There is no capital gains tax on the first $500,000.00 of the capital gain for a married couple.

3) If a residential property was not owned by the seller for two of the prior five years the capital gains tax is 27% of the capital gain.

vi. Rental Property

1) Rental property sold prior to 366 days from the date of its purchase shall be taxed at 27% on the capital gain.

2) Rental property sold 366 days or more after the date of its purchase shall be taxed at 13.5% on the capital gain.

vii. Second Homes

1) A second home sold prior to 366 days from the date of its purchase shall be taxed at 27% on the capital gain.

2) A second home sold 366 days or more after the date of its purchase shall be taxed at 13.5% on the capital gain.

viii. Those people whose income is based on the buying and selling of property shall deduct their capital losses from their capital gains in the same year that the capital loss and the capital gain occurred and this will determine their income. Their income will then be subject to the taxes found in Section 2.

c. **Rental Income**

i. Rental income shall be defined as the gross rental income of a property during the calendar year, January 1 through December 31.

ii. Rental income shall be considered as individual income and therefore subject to the taxes found in Section 2.

7. MISCELLANEOUS TAXES

a. **Estate taxes**

The first $5,000,000.00 of the deceased's estate shall not be taxed; above $5 million the tax is 50%. The estate includes all assets of the deceased including trusts for which the deceased was the grantor or the beneficiary. Up to 10% of the taxable assets may be donated to nonprofit organizations that are not controlled by nor have family member(s) of the deceased estate on their board of directors or in other capacities.

b. **Excise taxes:**

Excise taxes remain as per current law, January 1, 2006, except for gasoline and natural resources.

i. **Gasoline tax**:

The gasoline tax shall be raised to $0.285 per gallon of gasoline. This revenue shall be distributed as follows:

1) $0.185 shall be distributed as per current policy, January 1, 2007.
2) $0.10 shall be used only for the construction of the infrastructure necessary for the nationwide implementation of renewable, nonpolluting energy sources and technologies. These renewable, nonpolluting energy sources shall include but not be limited to wind, solar, tidal, hydrogen, geo-thermal, algae, and plants (such as switch grass, soybeans, hemp, sugar beets, etc.). It is specifically understood that this shall not include nuclear technologies.
3) It is specifically understood that major components of these technologies including, but not limited to, solar panels, wind turbines, high speed trains and their engines, shall be manufactured in the United States.

ii. **Natural Resources Royalty Tax**

1) It is specifically understood that royalties shall be paid on all natural resources taken from federal land.
2) Any natural resource taken from federal lands that has been exempt from royalty taxes will now be subject to the natural resources royalty tax.
3) Natural resources include, but are not limited to, land for grazing, lumber, minerals, natural gas, and fossil fuels.
4) All royalties on natural resources taken from federal lands shall be increased by an additional 1%.

8. STATE REIMBURSEMENT

Of the tax revenue collected monthly by the federal government that does not include the revenue from Social Security, Medicare, National Health Care and public education, the federal government keeps 70%. All of the remaining 30% shall be sent back to the states on a monthly basis, by the 15th day of each month following its collection from the prior month. The money sent back to the states is based solely on the states population.

State legislatures shall allocate 100% of their reimbursement money on an annual basis with independent citizen oversight, mandatory annual financial audits and prosecution for criminal misuse of funds, as follows:

a. 5% for the purpose of funding proposals for the research and development of science, technology and medicine. This money shall be allocated to institutions that currently administer these types of proposals or to institutions that need to be created in order to be in compliance with the following requirements:

i. It is specifically understood that all medical, scientific and administrative employees within these institutions, and outside advisors to these institutions have no financial ties to corporations that would benefit from approved proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the research, development or implementation of these proposals.

ii. Proposals to these institutions shall be accepted only from individuals or corporations with fewer than 25 employees. These corporations shall not be subsidiaries of larger corporations. It is specifically understood that applicants have no financial ties to larger corporations that would directly benefit from these proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to larger corporations that would benefit from the proposal.

iii. Research and development proposals shall be no longer than 20 pages in length. The proposals shall be evaluated within 180 days. Rejected proposals shall have explanations in writing detailing the reasons for the rejection. Applicants may resubmit corrected proposals a second time.

iv. All applications and approved proposals shall be sent to a national data bank. This is to prevent random duplication of proposals. Approved proposals may be duplicated if researchers are trying to verify results, negative or positive. In these cases, the original protocol shall be followed without any changes whatsoever.

b. 5% for the purpose of building and maintaining medical schools based on the ratio of one medical school per 1.72 million residents. Medical schools include the education of doctors, nurses, dentists, mental health and other allied health professionals. This money shall also be used to:

i. Upgrade existing medical schools and lower tuition rates of American medical students. American medical students shall have tuition rates equal to 25% of average 2005 tuition rates.

ii. Graduating doctors and nurses shall be obligated to work for one year, at night, at the same university hospitals they were affiliated with. Medical students are not permitted to work more than 12 hours per shift and shall rest a minimum of eight hours between shifts.

iii. All medical schools shall require a minimum of 60 hours of stand-alone courses on nutrition. Acupuncture schools shall require 30 hours of stand-alone courses on nutrition from a Western perspective, and 30 hours from an Eastern perspective.

iv. Medical schools are specifically prohibited from accepting any curriculum or teaching materials developed for any course by private industry that would benefit that industry. This ban includes, but is not limited to, textbooks, lesson plans, print and visual media.

c. 7% for the purpose of repair, maintenance and improvement to existing transportation infrastructure including roads, bridges and waterways; and to fund light rail and other mass transit projects.

d. 10% distributed to the state's county's, based on the county's population, for the purpose of providing housing for battered women and their children; clean, safe and affordable housing for low-income senior citizens, the homeless and those in danger of becoming homeless such as the disabled and veterans; homeownership assistance for the disabled, military veterans and low income families; and repairs and accessibility improvements to apartments for low income individuals, low income families, senior citizens and disabled citizens. This money shall not be distributed to non-profit organizations.

e. 2% distributed to the state's county's, based on the county's population, for the purpose of caring for the needs of the mentally disabled including, but not limited to, medical services, housing, vocational training and job placement.

f. 1% distributed to the state's county's, based on the county's population, for the purpose of food distribution for low-income individuals, low-income families, senior citizens and the homeless. Fresh whole foods must be emphasized and provided when possible.

g. 2% distributed to the state's county's, based on the county's population, for the purpose of funding nonprofit humanitarian projects. The maximum amount of funding any nonprofit shall receive in any calendar year shall not exceed 5% of the total available funds allocated to this program.

h. 2% distributed to the state's county's, based on the county's population, for the purpose of funding nonprofit cultural organizations for theatre, music, art, dance and literature. The maximum amount of funding any nonprofit may receive in any calendar year may not exceed 5% of the total available funds allocated to this program.

i. 1% distributed to the state's county's, based on the county's population, for the purpose of funding crime prevention programs to be administered through local police departments.

j. 1% distributed to the state's county's, based on the county's population, for the purpose of funding public libraries to ensure that public libraries are open to the public seven days per week.

k. 1% distributed to the state's county's, based on the county's population, for the purpose of acquiring wetlands and open spaces that shall remain undeveloped into perpetuity.

l. 3% distributed to the state's county's, based on the county's population, for the purpose of funding drug prevention programs and drug rehabilitation treatment centers. These treatment centers shall include nutritional supplementation and acupuncture as part of their rehabilitation protocol.

m. 2% distributed to the state's county's, based on the county's population, for the purpose of funding adult education and job training programs.

n. 3% distributed to the state's county's, based on the county's population, for the purpose of funding day care centers for the working poor. These day care centers must be open between the hours of 7:00 am and 7:00 pm and provide an educational, learning environment for the children.

o. 50% distributed to the state's county's, based on the county's population, for the purpose of funding Public Education (See separate funding proposal in Appendix G.)

p. If and when a designated program from Section 8.a. to Section 8.o. has been fully funded, future funding for that program may be applied to other programs listed above.

9. GOVERNMENT REBATES

Rebates are based on the taxpayer's annual gross income. Rebates shall be sent to taxpayers by the 15th of April in the year after the tax revenue has been collected.

9 REBATE SCHEDULE

Rebate	First Person	Up to Two-Person Family	Up to Three-Person Family	Up to Four-Person Family
base*	$11,000.00 base*	$15,000.00 base*	$19,000.00 base*	$22,499.00 base*

* base = 10% up to amount cited in each category.

No rebates to anyone who makes over $22,499.00.

10. ALTERNATIVE MEDICINE

Congress shall create a new agency to be called, "The Department of Alternative Medicine." This agency shall be totally independent from other agencies. The Department of Alternative Medicine's purpose is to fund research and development of non-toxic proposals and clinical trials in the fields of science, technology and medicine, leading to the prevention and treatment of medical conditions such as obesity, diabetes, heart disease, kidney disease, arthritis, neurological, auto immune, cancer and other chronic diseases.

b) Congress shall allocate $2,000,000,000.00 ($2 billion) annually for five consecutive years to begin funding the Department of Alternative Medicine.

c) To accomplish the objective, the Department of Alternative Medicine shall fund non-toxic proposals that include, but are not limited to, the use of herbs, foods, diet, nutritional supplements, vitamins, minerals, exercise, harmonics, electro-medicine and meditation to treat cancer and other diseases. This also includes acupuncture and herbal formulas from around the world. It is specifically understood that the Department of Alternative Medicine shall not fund proposals that contain radiation, drugs or surgery as part of their protocols.

d) The Department of Alternative Medicine shall fund clinical trials that include, but are not limited to, the following protocols for the treatment of cancer and other diseases: Cesium, Ozone RHP, and the Bob Beck protocol. Funding for the perfection of Rife Technology shall be made a priority, and when successful, clinical trials using Rife Technology shall begin immediately.

e) All proposals funded by the Department of Alternative Medicine shall meet the same scientific standards required of proposals funded through the National Institutes of Health.

f) It is specifically understood that all medical, scientific and administrative employees within the Department of Alternative Medicine and outside advisors to the department have no financial ties to corporations that would benefit from the proposals under consideration. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the research, development or implementation of these proposals.

g) Proposals to the Department of Alternative Medicine shall be accepted only from individuals or corporations with fewer than 25 employees. These corporations shall not be subsidiaries of larger corporations. It is specifically understood that applicants have no financial ties to larger corporations that would benefit from these proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to larger corporations that would benefit from the proposal.

h) Research and development proposals shall be under 20 pages in length. The proposals shall be evaluated within 180 days. Rejected proposals shall have explanations in writing detailing the reasons for the rejection. Applicants may resubmit corrected proposals one more time.

i) Proposals and clinical trials may be duplicated if reviewers are trying to verify results, negative or positive. In these cases, the protocols that were used in the original proposal shall be followed exactly, with no changes whatsoever.

Appendix A Calculating the Business Gross Sales Tax

1. **BUSINESS TAXES** (Businesses defined as, but not limited to corporations, general partnerships, sole proprietors, etc.)

a. **Gross Sales Tax**

The Gross Sales Tax applies to all businesses operating within the United States; on all their products and services sold within the United States and to foreign countries. There are absolutely no deductions of any kind.

Bracket	Gross Sales	Percentage		Tax Base
1	under $250,000.00	x 0.50%	= $	
2	from $250,000.00 and under $500,000.00	x 0.75%	=	
3	from $500,000.00 and under $1Million	x 1.00%	=	
4	from $1Million and under $2.5Million	x 1.30%	=	
5	from $2.5Million and under $5Million	x 1.70%	=	
6	from $5Million and under $10Million	x 1.90%	=	
7	from $10Million and under $50Million	x 2.10%	=	
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:	**$**	

In ascending order, separate the annual gross sales into the appropriate bracket(s), multiply by the corresponding percentage, and place the results in the **Tax Base** column. Add the results in the **Tax Base** column together to determine the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006.

EXAMPLE #1 Calculating the business gross sales tax on gross sales of $150,000.00

To calculate the business gross sales tax on gross sales of $150,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.

Bracket	Gross Sales	Percentage		Tax Base
1	$150,000.00	x 0.50%	= $	750.00
2	from $250,000.00 and under $500,000.00	x 0.75%	=	
3	from $500,000.00 and under $1Million	x 1.00%	=	
4	from $1Million and under $2.5Million	x 1.30%	=	
5	from $2.5Million and under $5Million	x 1.70%	=	
6	from $5Million and under $10Million	x 1.90%	=	
7	from $10Million and under $50Million	x 2.10%	=	
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:	**$**	**750.00**

EXAMPLE #2 Calculating the business gross sales tax on gross sales of $450,000.00

To calculate the business gross sales tax on gross sales of $450,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.

Bracket	Gross Sales	Percentage		Tax Base
1	$250,000.00	x 0.50%	= $	1,250.00
2	plus balance: $200,000.00	x 0.75%	=	1,500.00
3	from $500,000.00 and under $1Million	x 1.00%	=	
4	from $1Million and under $2.5Million	x 1.30%	=	
5	from $2.5Million and under $5Million	x 1.70%	=	
6	from $5Million and under $10Million	x 1.90%	=	
7	from $10Million and under $50Million	x 2.10%	=	
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:	**$**	**2,750.00**

EXAMPLE #3 Calculating the business gross sales tax on gross sales of $750,000.00

To calculate the business gross sales tax on gross sales of $750,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.

Bracket	Gross Sales	Percentage		Tax Base
1	$250,000.00	x 0.50%	= $	1,250.00
2	$250,000.00	x 0.75%	=	1,875.00
3	plus balance: $250,000.00	x 1.00%	=	2,500.00
4	from $1Million and under $2.5Million	x 1.30%	=	
5	from $2.5Million and under $5Million	x 1.70%	=	
6	from $5Million and under $10Million	x 1.90%	=	
7	from $10Million and under $50Million	x 2.10%	=	
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:	**$**	**5,625.00**

EXAMPLE #4 Calculating the business gross sales tax on gross sales of $1,250,000.00

To calculate the business gross sales tax on gross sales of $1,250,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.
-

Bracket	Gross Sales	Percentage		Tax Base
1	$250,000.00	x 0.50%	=	1,250.00
2	$250,000.00	x 0.75%	=	1,875.00
3	$500,000.00	x 1.00%	=	5,000.00
4	plus balance: $250,000.00	x 1.30%	=	3,250.00
5	from $2.5Million and under $5Million	x 1.70%	=	
6	from $5Million and under $10Million	x 1.90%	=	
7	from $10Million and under $50Million	x 2.10%	=	
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:	**$**	**11,375.00**

EXAMPLE 5 # Calculating the business gross sales tax on gross sales of $3,000,000.00

To calculate the business gross sales tax on gross sales of $3,000,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.

Bracket	Gross Sales	Percentage		Tax Base
1	$250,000.00	x 0.50%	=	1,250.00
2	$250,000.00	x 0.75%	=	1,875.00
3	$500,000.00	x 1.00%	=	5,000.00
4	$1.5Million	x 1.30%	=	19,500.00
5	plus balance: $1.5Million	x 1.70%	=	25,500.00
6	from $5Million and under $10Million	x 1.90%	=	
7	from $10Million and under $50Million	x 2.10%	=	
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:	**$**	**53,125.00**

EXAMPLE 6 # Calculating the business gross sales tax on gross sales of $8,500,000.00

To calculate the business gross sales tax on gross sales of $8,500,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.

Bracket	Gross Sales	Percentage		Tax Base
1	$250,000.00	x 0.50%	=	1,250.00
2	$250,000.00	x 0.75%	=	1,875.00
3	$500,000.00	x 1.00%	=	5,000.00
4	$1.5Million	x 1.30%	=	19,500.00
5	$2.5Million	x 1.70%	=	42,500.00
6	plus balance: $3.5Million	x 1.90%	=	66,500.00
7	from $10Million and under $50Million	x 2.10%	=	
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:		**$ 136,625.00**

EXAMPLE 7 # Calculating the business gross sales tax on gross sales of $25,000,000.00

To calculate the business gross sales tax on gross sales of $25,000,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.

Bracket	Gross Sales	Percentage		Tax Base
1	$250,000.00	x 0.50%	=	1,250.00
2	$250,000.00	x 0.75%	=	1,875.00
3	$500,000.00	x 1.00%	=	5,000.00
4	$1.5Million	x 1.30%	=	19,500.00
5	$2.5 Million	x 1.70%	=	42,500.00
6	$5Million	x 1.90%	=	95,000.00
7	plus balance: $15Million	x 2.10%	=	315,000.00
8	$50Million and more	x 2.25%	=	_____
		Total Amount Due:		**$ 480,125.00**

EXAMPLE 8 # Calculating the business gross sales tax on gross sales of $75,000,000.00

To calculate the business gross sales tax on gross sales of $75,000,000.00:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Base column.
- Add the Tax Base column together to determine the Total Amount Due.

Bracket	Gross Sales	Percentage		Tax Base
1	$250,000.00	x 0.50%	=	1,250.00
2	$250,000.00	x 0.75%	=	1,875.00
3	$500,000.00	x 1.00%	=	5,000.00
4	$1.5Million	x 1.30%	=	19,500.00
5	$2.5 Million	x 1.70%	=	42,500.00
6	$5Million	x 1.90%	=	95,000.00
7	$40Million	x 2.10%	=	840,000.00
8	plus balance: $25Million	x 2.25%	=	562,500.00
		Total Amount Due:	**$**	**1,567,625.00**

Appendix B Comparing Business Taxes

Currently, the business payroll tax obligation to Medicare is 1.45% and is based on the employee's annual gross wage. The business Social Security tax obligation is 6.2% and it is also based on the employee's annual gross wage; however, this obligation stops at $94,200.00. This totals 7.65%. The business tax is 15% based on the first $50,000.00 of net profit and goes up to 39% on the net profit above $50,000.00. Health care costs, accounting fees and workers compensation premiums vary from company to company.

In this tax reform, business payroll taxes for Social Security and Medicare have been adjusted slightly upwards, from 7.65% to 8%. Section 1.b. requires a payroll tax of 2.8% for Medicare (up from 1.45%) and 5.2% for Social Security (down from 6.2%) and the payroll tax obligation for Social Security no longer stops at $94,200.00. The business tax for health care is now fixed at 3% of employee annual gross wages. Accounting fees will be substantially reduced because this federal business tax no longer requires the services of an accountant to figure out what is owed. Additionally, the current tax on net profits, which actually penalizes business as it becomes more profitable, has been replaced with the low tax on gross sales, which rewards business with lower taxes. Please refer to Appendix A to see how the business gross sales tax is calculated.

When analyzing the following examples please note:

1) Employer Medicare funding almost doubles since this plan increases employer Medicare payment from 1.45% to 2.8%. (See also Appendix D, E and F.)
2) Total Social Security revenue increases even though the business payroll tax contribution has decreased (from 6.2% to 5.2%). This is because the 1% business reduction has been offset by my 1% increase from employee contributions (which rises from 6.2% to 7.2%), and the $94,200.00 cap, at which point employer and employee contributions currently stop, has been removed. (See Appendix C and D.)
3) In this plan, business payroll contributions to National Health Care are fixed at 3% of employee annual gross wages.
4) In this plan, since everyone is covered under National Health Care, and since it has already been paid for, that portion of the workers compensation premium that was designated to health care is eliminated. Therefore, this proposal will reduce business worker compensation premiums.
5) In this plan, since the federal business tax is so simple to calculate the business owner can do it themselves and therefore eliminate thousands of dollars in accounting fees.
6) The replacement of the business tax on net profits with the small tax on gross sales greatly benefits business. Look at the following examples and watch what happens as a business becomes more profitable. In the current system, as a business becomes more profitable it is penalized with more taxes, whereas in my system, they are not.

Example # 1:

Assume we have a business that grosses $180,000.00 per year.

If the business generates a net profit of 5% ($9,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**1,350.00**	**Gross Sales Tax**	**900.00**
Health Care		Health Care (3%)	
Accounting fees		Accounting fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #1 had net profits of 10% ($18,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**2,700.00**	**Gross Sales Tax**	**900.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #1 had net profits of 15% ($27,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**4,050.00**	**Gross Sales Tax**	**900.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #1 had net profits of 20% ($36,000.00), the tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**5,400.00**	**Gross Sales Tax**	**900.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Example # 2:

Assume we have a business that grosses $750,000.00 per year.

If the business generates a net profit of 5% ($37,500.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**5,625.00**	**Gross Sales tax**	**5,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #2 had net profits of 10% ($75,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**13,750.00**	**Gross Sales Tax**	**5,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #2 had net profits of 15% ($112,500.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**27,375.00**	**Gross Sales Tax**	**5,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #2 had net profits of 20% ($150,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**41,750.00**	**Gross Sales Tax**	**5,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Example # 3:

Assume we have a business that grosses $1,500,000.00 per year.

If the business generates a net profit of 5% ($75,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**13,750.00**	**Gross Sales Tax**	**14,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #3 had net profits of 10% ($150,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business tax	**41,750.00**	**Gross Sales Tax**	**14,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #3 had net profits of 15 % ($225,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**71,000.00**	**Gross Sales Tax**	**14,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #3 had net profits of 20 % ($300,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**100,250.00**	**Gross Sales Tax**	**14,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Example # 4:

Assume we have a business that grosses $3,500,000.00 per year.

If the business generates a net profit of 5% ($175,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**51,500.00**	**Gross Sales Tax**	**61,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #4 had net profits of 10 % ($350,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**119,000.00**	**Gross Sales Tax**	**61,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #4 had net profits of 15 % ($525,000.00), the tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**178,840.00**	**Gross Sales Tax**	**61,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #4 had net profits of 20 % ($700,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**238,000.00**	**Gross Sales Tax**	**61,625.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Example # 5:

Assume we have a business that grosses $8,000,000.00 per year.

If the business generates a net profit of 5% ($400,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**136,000.00**	**Gross Sales Tax**	**127,125.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #5 had net profits of 10 % ($800,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**272,000.00**	**Gross Sales Tax**	**127,125.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #5 had net profits of 15 % ($1,200,000.00), the tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**408,000.00**	**Gross Sales Tax**	**127,125.00**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation(reduced)	
Total Taxes	$	Total Taxes	$

If the same business from example #5 had net profits of 20 % ($1,600,000.00), the business tax numbers look like this:

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax	**544,000.00**	**Gross Sales Tax**	**127,125.0**
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

The following blank forms have been created for you to analyze your own business tax experiences, and compare them to what you can expect under this proposed tax system.

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax		Gross Sales Tax	
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax		Gross Sales Tax	
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax		Gross Sales Tax	
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Current tax system		**Fishman's Framework for Tax Reform**	
Social Security (6.2%)	$	Social Security (5.2%)	$
Medicare (1.45%)		Medicare (2.8%)	
Business Tax		Gross Sales Tax	
Health Care		Health Care (3%)	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes	$	Total Taxes	$

Calculating Individual Taxes

2. INDIVIDUAL TAXES (Payroll taxes)

Individual taxes are payroll taxes for Social Security, Medicare, National Health Care and Public Education. These taxes are based on the individual's annual gross income. Income includes wages, salaries, fees, commissions, rental property income, dividends, capital gains under some circumstances, the proceeds from the sale of a business, trust fund money, gifts valued at $15,000.00 and above, and any and all types of employment compensation including, but not limited to, bonuses, stock options, insurance policies, legal services, country club memberships, cars, etc. There are no upper limits to taxable annual gross income.

In ascending order, separate the annual gross income into the appropriate annual gross income bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column. Add the results in the tax base column together to determine the **Total Tax Base**. The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (To calculate these taxes please see examples in Appendix C.)

Bracket	ANNUAL GROSS INCOME		Percentage		Tax Base
1	up to $100,000.00	x	10%	=	
2	between $100,001.00 & $200,000.00	x	12%	=	
3	between $200,001.00 & $300,000.00	x	14%	=	
4	between $300,001.00 & $400,000.00	x	16%	=	
5	between $400,001.00 & $500,000.00	x	18%	=	
6	above $500,000.00	x	20%	=	_____
			Total Tax Base:		**$**_____

i. multiply the Total Tax Base by 72% = Amount due Social Security
ii. multiply the Total Tax Base by 30% = Amount due Medicare
iii. multiply the Total Tax Base by 30% = Amount due National Health Care
iv. multiply the Total Tax Base by 10% = Amount due Public Education

Total Amount Due: $ _____

1. The employer shall be prohibited from paying these taxes on behalf of the employee.
2. For individuals with additional income that has not been taxed, the additional income is added to the total of their prior taxed wages/income to determine the applicable annual gross income bracket(s) of this additional income. The additional income is then multiplied by the corresponding percentage(s) and the results are placed in the **Tax Base** column. This is added together to determine the **Total Tax Base**. The **Total Tax Base** is then used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education based upon the methodology listed above. The individual then sends the **Total Amount Due** to the government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006.

Example #1

Assume an individual earns an annual gross income of $40,000.00.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

In this example, $40,000.00 annual gross income falls into bracket #1. Multiply $40,000.00 by10% and place the result in the adjacent tax base column. Adding up the **Tax Base** column results in the **Total Tax Base** which is used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education.

Bracket	**ANNUAL GROSS INCOME**		**Percentage**	**Tax Base**
1	$40,000.00	x	10%	=$4,000.00
2	between $100,001.00 & $200,000.00	x	12%	=
3	between $200,001.00 & $300,000.00	x	14%	=
4	between $300,001.00 & $400,000.00	x	16%	=
5	between $400,001.00 & $500,000.00	x	18%	=
6	above $500,000.00	x	20%	=_____
			Total Tax Base:	**$4,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $4,000.00.

multiply the **Total Tax Base** ($4,000.00) x 72% =	$2,880.00
multiply the **Total Tax Base** ($4,000.00) x 30% =	1,200.00
multiply the **Total Tax Base** ($4,000.00) x 30% =	1,200.00
multiply the **Total Tax Base** ($4,000.00) x 10% =	400.00
Total Amount Due:	**$5,680.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (The total amount due equals the amount taken out of the employee's paycheck.) In this example, total amount due is $5,680.00.

Example #2

Assume an individual earns an annual gross income of $120,000.00.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

In this example, $120,000.00 annual gross income falls into bracket #1 and bracket #2. Multiply the first $100,000.00 by10% and place the result in the adjacent tax base column. Multiply the balance, $20,000.00, by 12% and place the results in the adjacent tax base column. Adding up the tax base column amounts together results in the **Total Tax Base** which is used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education.

Bracket	**ANNUAL GROSS INCOME**		**Percentage**		**Tax Base**
1	first	$100,000.00	x	10%	= $10,000.00
2	balance	20,000.00	x	12%	= 2,400.00
3	between $200,001.00 & $300,000.00		x	14%	=
4	between $300,001.00 & $400,000.00		x	16%	=
5	between $400,001.00 & $500,000.00		x	18%	=
6	above $500,000.00		x	20%	=
			Total Tax Base:		**$12,400.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $12,400.00.

multiply the **Total Tax Base** ($12,400.00) x 72% =	$8,928.00
multiply the **Total Tax Base** ($12,400.00) x 30% =	3,720.00
multiply the **Total Tax Base** ($12,400.00) x 30% =	3,720.00
multiply the **Total Tax Base** ($12,400.00) x 10% =	1,240.00
Total Amount Due:	**$17,608.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (The total amount due equals the amount taken out of the employee's paycheck.) In this example, total amount due is $17,608.00

Example #3

Assume an individual earns an annual gross income of $320,000.00.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

For example, to find the **Total Tax Base** on annual gross income of $320,000.00, process the amount as follows:

Bracket	ANNUAL GROSS INCOME			Percentage		Tax Base
1	first	$100,000.00	x	10%	=	$10,000.00
2	second	100,000.00	x	12%	=	12,000.00
3	third	100,000.00	x	14%	=	14,000.00
4	balance	20,000.00	x	16%	=	3,200.00
5	between $400,001.00 & $500,000.00		x	18%	=	
6	above $500,000.00		x	20%	=	
				Total Tax Base:		**$39,200.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $39,200.00.

multiply the **Total Tax Base** ($39,200.00) x 72% =	$28,224.00
multiply the **Total Tax Base** ($39,200.00) x 30% =	11,760.00
multiply the **Total Tax Base** ($39,200.00) x 30% =	11,760.00
multiply the **Total Tax Base** ($39,200.00) x 10% =	3,920.00
Total Amount Due:	**$55,664.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (The total amount due equals the amount taken out of the employee's paycheck.) In this example, total amount due is $55,664.00.

Example #4

Assume an individual earns an annual gross income of $450,000.00.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

For example, to find the **Total Tax Base** on annual gross income of $450,000.00, process the amount as follows:

Bracket	ANNUAL GROSS INCOME			Percentage		Tax Base
1	first	$100,000.00	x	10%	=	$10,000.00
2	second	100,000.00	x	12%	=	12,000.00
3	third	100,000.00	x	14%	=	14,000.00
4	fourth	100,000.00	x	16%	=	16,000.00
5	balance	50,000.00	x	18%	=	9,000.00
6		above $500,000.00	x	20%	=	
				Total Tax Base:		**$61,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $61,000.00.

multiply the **Total Tax Base** ($61,000.00) x 72% =	$43,920.00
multiply the **Total Tax Base** ($61,000.00) x 30% =	18,300.00
multiply the **Total Tax Base** ($61,000.00) x 30% =	18,300.00
multiply the **Total Tax Base** ($61,000.00) x 10% =	6,100.00
Total Amount Due:	**$86,620.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (The total amount due equals the amount taken out of the employee's paycheck.) In this example, total amount due is $86,620.00.

Example #5

Assume an individual earns an annual gross income of $650,000.00.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

For example, to find the **Total Tax Base** on gross annual income of $650,000.00, process the amount as follows:

Bracket	ANNUAL GROSS INCOME			Percentage		Tax Base
1	first	$100,000.00	x	10%	=	$10,000.00
2	second	100,000.00	x	12%	=	12,000.00
3	third	100,000.00	x	14%	=	14,000.00
4	fourth	100,000.00	x	16%	=	16,000.00
5	fifth	100,000.00	x	18%	=	18,000.00
6	balance	150,000.00	x	20%	=	30,000.00
				Total Tax Base:		**$100,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $100,000.00.

multiply the **Total Tax Base** ($100,000.00) x 72% =	$72,000.00
multiply the **Total Tax Base** ($100,000.00) x 30% =	30,000.00
multiply the **Total Tax Base** ($100,000.00) x 30% =	30,000.00
multiply the **Total Tax Base** ($100,000.00) x 10% =	10,000.00
Total Amount Due:	**$142,000.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (The total amount due equals the amount taken out of the employee's paycheck.) In this example, total amount due is $142,000.00.

Example #6

Assume an individual earns an annual gross income of $2,500,000.00.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate bracket(s), multiply by the corresponding percentage and put the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

For example, to find the **Total Tax Base** on annual gross income of $2,500,000.00, process the amount as follows:

Bracket	**ANNUAL GROSS INCOME**			**Percentage**		**Tax Base**
1	first	$100,000.00	x	10%	=	$10,000.00
2	second	100,000.00	x	12%	=	12,000.00
3	third	100,000.00	x	14%	=	14,000.00
4	fourth	100,000.00	x	16%	=	16,000.00
5	fifth	100,000.00	x	18%	=	18,000.00
6	balance	2,000,000.00	x	20%	=	400,000.00
				Total Tax Base:		**$470,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $470,000.00.

multiply the **Total Tax Base** ($470,000.00) x 72% =	$338,400.00
multiply the **Total Tax Base** ($470,000.00) x 30% =	141,000.00
multiply the **Total Tax Base** ($470,000.00) x 30% =	141,000.00
multiply the **Total Tax Base** ($470,000.00) x 10% =	47,000.00
Total Amount Due:	**$667,400.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. (The total amount due equals the amount taken out of the employee's paycheck.) In this example, total amount due is $667,400.00.

Example #7 (Additional income)

Assume an individual earns an annual gross income of $75,000.00, of which $50,000 is earned from wages and $25,000.00 is from additional income.

1) Employee and employer obligations:
   a. The employee payroll tax obligations for Social Security, Medicare, National Health Care and Public Education are determined by Section 2. These amounts are automatically deducted from the employee's paycheck by the employer and sent to the government. In this example, the taxes due are based on the annual gross wage of $50,000.00.
   b. The employer payroll tax obligation for Social Security, Medicare and National Health Care is determined by Section 1. b. These amounts are paid by the employer to the government. In this example, the taxes due are based on the employee's annual gross wage of $50,000.00.
2) Individual tax obligation on the **additional income of $25,000.00.**

   In this example, the individual's annual gross income is $75,000.00. The first $50,000.00 of annual gross income is wages, and the payroll tax obligations have been taken care of by the employer. This leaves $25,000.00 in additional income on which the individual is responsible to pay taxes.

   The individual adds the $25,000.00 to the prior taxed $50,000.00 to see into which gross income bracket(s) the $25,000.00 goes. In this case the $25,000.00 falls in bracket #1. The individual multiplies the $25,000.00 by 10%. The result is put in the **Tax Base** column. This column is used to determine the **Total Tax Base.** The **Total Tax Base** is the amount used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education.

   (Remember, in this example the first $50,000.00 has already been taxed.)

Bracket	ANNUAL GROSS INCOME		Percentage		Tax Base
1	$25,000.00	x	10%	=	$2,500.00
2	between $100,001.00 & $200,000.00	x	12%	=	
3	between $200,001.00 & $300,000.00	x	14%	=	
4	between $300,001.00 & $400,000.00	x	16%	=	
5	between $400,001.00 & $500,000.00	x	18%	=	
6	above $500,000.00	x	20%	=	
			Total Tax Base:		**$2,500.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $2,500.00.

multiply the **Total Tax Base** ($2,500.00) x 72% =	$1,800.00
multiply the **Total Tax Base** ($2,500.00) x 30% =	750.00
multiply the **Total Tax Base** ($2,500.00) x 30% =	750.00
multiply the **Total Tax Base** ($2,500.00) x 10% =	250.00
Total Amount Due:	**$3,550.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. In this example, the total amount due in additional taxes is $3,550.00.

Example #8 (Additional income)

Assume an individual earns an annual gross income of $225,000.00, of which $75,000 is earned from wages and $150,000.00 is from additional income.

1) Employee and employer obligations:
   a. The employee payroll tax obligations for Social Security, Medicare, National Health Care and Public Education are determined by Section 2. These amounts are automatically deducted from the employee's paycheck by the employer and sent to the government In this example, the taxes due are based on the annual gross wage of $75,000.00.
   b. The employer payroll tax obligation for Social Security, Medicare and National Health Care is determined by Section 1. b. These amounts are paid by the employer to the government. In this example, the taxes due are based on the employee's annual gross wage of $75,000.00.
2) Individual tax obligation on the **additional income of $150,000.00.**

   In this example, the individual's annual gross income is $225,000.00. The first $75,000.00 of annual gross income is wages, and the payroll tax obligations have been taken care of by the employer. This leaves $150,000.00 in additional income on which the individual is responsible to pay taxes.

   The individual adds the $150,000,000.00 to the prior taxed $75,000.00 to see into which gross income bracket(s) the $150,000.00 goes. In this case the $150,000.00 falls into brackets #1, #2 and #3. The individual multiplies the first 25,000.00 by 10%, the next $100,000.00 by 12% and the final $25,000.00 by 14%. The results are put in the **Tax Base** column and added together. This determines the **Total Tax Base.** The **Total Tax Base** is the amount used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education.

   (Remember, the first $75,000.00 has already been taxed.)

Bracket	ANNUAL GROSS INCOME		Percentage		Tax Base
1	$25,000.00	x	10%	=	$2,500.00
2	additional income $100,000.00	x	12%	=	12,000.00
3	additional income $25,000.00	x	14%	=	3,500.00
4	between $300,001.00 & $400,000.00	x	16%	=	
5	between $400,001.00 & $500,000.00	x	18%	=	
6	above $500,000.00	x	20%	=	
			Total Tax Base:		**$18,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $18,000.00.

multiply the **Total Tax Base** ($18,000.00) x 72% =	$12,960.00
multiply the **Total Tax Base** ($18,000.00) x 30% =	5,400.00
multiply the **Total Tax Base** ($18,000.00) x 30% =	5,400.00
multiply the **Total Tax Base** ($18,000.00) x 10% =	1,800.00
Total Amount Due:	**$25,560.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. In this example, the total amount due in additional taxes is $25,560.00.

Example #9 (Additional income)

Assume an individual earns an annual gross income of $150,000.00, of which $100,000 is earned from wages and $50,000.00 is from additional income.

1) Employee and employer obligations:

   a. The employee payroll tax obligations for Social Security, Medicare, National Health Care and Public Education are determined by Section 2. These amounts are automatically deducted from the employee's paycheck by the employer and sent to the government In this example, the taxes due are based on the annual gross wage of $100,000.00.

   b. The employer payroll tax obligation for Social Security, Medicare and National Health Care is determined by Section 1. b. These amounts are paid by the employer to the government. In this example, the taxes due are based on the employee's annual gross wage of $100,000.00.

2) Individual tax obligation on the **additional income of $50,000.00.**

   In this example, the individual's annual gross income is $150,000.00. The first $100,000.00 of annual gross income is wages and the payroll tax obligations have been taken care of by the employer. This leaves $50,000.00 in additional income on which the individual is responsible to pay taxes.

   The individual adds the $50,000.00 to the prior taxed $100,000.00 to see into which tax bracket(s) the $50,000.00 goes. In this case the $50,000.00 falls in bracket #2. The individual multiplies the $50,000.00 by 12%. The results are put in the **Tax Base** column. This determines the **Total Tax Base.** The **Total Tax Base** is the amount used to determine the taxes owed for Social Security, Medicare, National Health Care and Public Education.

Bracket	ANNUAL GROSS INCOME		Percentage	Tax Base
1	first $100,000.00	x	10%	=Already taxed
2	additional income $50,000.00	x	12%	= 6,000.00
3	between $200,001.00 & $300,000.00	x	14%	=
4	between $300,001.00 & $400,000.00	x	16%	=
5	between $400,001.00 & $500,000.00	x	18%	=
6	above $500,000.00	x	20%	=
			Total Tax Base:	**$6,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare and National Health Care to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $6,000.00.

multiply the **Total Tax Base** ($6,000.00) x 72% =	$4,320.00
multiply the **Total Tax Base** ($6,000.00) x 30% =	1,800.00
multiply the **Total Tax Base** ($6,000.00) x 30% =	1,800.00
multiply the **Total Tax Base** ($6,000.00) x 10% =	600.00
Total Amount Due:	**$8,520.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. In this example, the total amount due in additional taxes is $8,520.00.

Example #10 (Additional income)

Assume an individual earns an annual gross income of $350,000.00, of which $100,000 is earned from wages and $250,000.00 is from additional income.

1) Employee and employer obligations:

   a. The employee payroll tax obligations for Social Security, Medicare, National Health Care and Public Education are determined by Section 2. These amounts are automatically deducted from the employee's paycheck by the employer and sent to the government In this example, the taxes due are based on the annual gross wage of $100,000.00.

   b. The employer payroll tax obligation for Social Security, Medicare and National Health Care is determined by Section 1. b. These amounts are paid by the employer to the government. In this example, the taxes due are based on the employee's annual gross wage of $100,000.00.

2) Individual tax obligation on the **additional income of $250,000.00.**

   In this example, the individual's annual gross income is 350,000.00. The first $100,000.00 of annual gross income is wages and the payroll tax obligations have been taken care of by the employer. This leaves $250,000.00 in additional income on which the individual is responsible to pay taxes.

   The individual adds the $250,000.00 to the prior taxed $100,000.00 to see into which tax bracket(s) the $250,000.00 goes. In this case the $250,000.00 falls in brackets #2, #3 and #4. The individual multiplies the amount in each bracket by the corresponding percentages and puts the results in the **Tax Base** column. These are added together to determine the **Total Tax Base.** The **Total Tax Base** is the amount used to determine the taxes owed for Social Security, Medicare, National Health Care and Public Education.

Bracket	**ANNUAL GROSS INCOME**			**Percentage**	**Tax Base**
1	first	$100,000.00	x	10%	=Already taxed
2	additional income	$100,000.00	x	12%	= 12,000.00
3	additional income	$100,000.00	x	14%	= 14,000.00
4	additional income	$50,000.00	x	16%	= 8,000.00
5	between $400,001.00 & $500,000.00		x	18%	=
6	above $500,000.00		x	20%	=_____
				Total Tax Base:	**$34,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $34,000.00.

multiply the **Total Tax Base** ($34,000.00) x 72% =	$24,480.00
multiply the **Total Tax Base** ($34,000.00) x 30% =	10,200.00
multiply the **Total Tax Base** ($34,000.00) x 30% =	10,200.00
multiply the **Total Tax Base** ($34,000.00) x 10% =	3,400.00
Total Amount Due:	**$48,280.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. In this example, the total amount due in additional taxes is $48,280.00.

Example #11 (Additional income)

Assume an individual earns an annual gross income of $850,000.00, of which $650,000 is earned from wages and $200,000.00 is from additional income.

1) Employee and employer obligations:

   a. The employee payroll tax obligations for Social Security, Medicare, National Health Care and Public Education are determined by Section 2. These amounts are automatically deducted from the employee's paycheck by the employer and sent to the government In this example, the taxes due are based on the annual gross wage of $650,000.00.

   b. The employer payroll tax obligation for Social Security, Medicare and National Health Care is determined by Section 1. b. These amounts are paid by the employer to the government. In this example, the taxes due are based on the employee's annual gross wage of $650,000.00.

2) Individual tax obligation on the **additional income of $ 200,000.00.**

   In this example, the individual's annual gross income is $850,000.00. The first $650,000.00 of annual gross income is wages and the payroll tax obligations have been taken care of by the employer. This leaves $200,000.00 in additional income on which the individual is responsible to pay taxes.

   The individual adds the $200,000.00 to the prior taxed $650,000.00 to see into which tax bracket(s) the $200,000.00 goes. In this case the $200,000.00 falls in bracket #6. The individual multiplies the $200,000.00 by 20% and places the result in the **Tax Base column**. This column is used to determine the **Total Tax Base.** The **Total Tax Base** is the amount used to determine the taxes owed Social Security, Medicare, National Health Care and Public Education.

Bracket	**ANNUAL GROSS INCOME**			**Percentage**	**Tax Base**
1	first	$100,000.00	x	10%	= Already taxed
2	second	$100,000.00	x	12%	= Already taxed
3	third	$100,000.00	x	14%	= Already taxed
4	fourth	$100,000.00	x	16%	= Already taxed
5	fifth	$100,000.00	x	18%	= Already taxed
6	additional income	$200,000.00	x	20%	= 40,000.00
				Total Tax Base:	**$40,000.00**

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare and National Health Care to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $40,000.00.

multiply the **Total Tax Base** ($40,000.00) x 72% =	$28,800.00
multiply the **Total Tax Base** ($40,000.00) x 30% =	12,000.00
multiply the **Total Tax Base** ($40,000.00) x 30% =	12,000.00
multiply the **Total Tax Base** ($40,000.00) x 10% =	4,000.00
Total Amount Due:	**$56,800.00**

- Adding together the amount owed each program results in the **Total Amount Due**. The **Total Amount Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. In this example, the total amount due in additional taxes is $56,800.00.

Appendix D

Comparing Individual Taxes

The 13,500 pages that make up our current tax code are filled with so many deductions, specialty deductions, bizarre exemptions and rules and regulations pertaining to exceptions that it allows too many individuals the opportunities to reduce, delay or eliminate the taxes they should be required to pay. As such, in a general sense it is not really possible to compare the current tax system with this tax system. The best that can be done is to show what taxes you have paid from the current tax system and compare them to the taxes that would be due under this tax system. College tuition and health care expenses have been included to make the comparison more accurate. Be sure to include all premiums deductibles and co-payments when figuring out your health care expenses.

Also, please remember that in this proposed system even though you are paying less in overall taxes, you still receive the benefits of National Health Care, your Social Security benefits are guaranteed, and all qualified students are allowed to attend college or vocational school free of charge.

Current tax system		**Fishman’s Framework for Tax Reform**	
Social Security	$	Social Security	$
Medicare		Medicare	
Health Care Costs		National Health Care	
		Public Education	
College Tuition		College Tuition ………………….	N/A
Federal income tax	______________	Less tax rebate	____________
Total Taxes Paid	$	Total Taxes Paid	$

Current tax system		**Fishman’s Framework for Tax Reform**	
Social Security	$	Social Security	$
Medicare		Medicare	
Health Care Costs		National Health Care	
		Public Education	
College Tuition		College Tuition ………………….	N/A
Federal income tax	______________	Less tax rebate	____________
Total Taxes Paid	$	Total Taxes Paid	$

Current tax system		**Fishman’s Framework for Tax Reform**	
Social Security	$	Social Security	$
Medicare		Medicare	
Health Care Costs		National Health Care	
		Public Education	
College Tuition		College Tuition ………………….	N/A
Federal income tax	______________	Less tax rebate	____________
Total Taxes Paid	$	Total Taxes Paid	$

Appendix E

Comparing Social Security Taxes

The current tax code funds Social Security via the payroll tax. It receives 6.2% from the employee's annual gross wage; however, this tax obligation stops at $94,200.00. It also receives a matching 6.2% contribution from the employer, based on the employee's annual gross wage. This matching contribution also stops at $106,800.00.

In Fishman's Framework for Tax Reform, Social Security is funded as follows: The employer contribution is 5.2%, based on the employee's annual gross wage, no matter how high that gross wage is, and the employee's contribution is 7.2%, indexed to annual gross income. (See Appendix B.)

Example #1

Assume an individual has an annual gross income, all from wages, of $50,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Social Security	$3,100.00	Individual Social Security	$3,600.00
Business Social Security	3,100.00	Business Social Security	2,600.00
Total Social Security	$6,200.00	Total Social Security	$6,200.00

Example #2

Assume an individual has an annual gross income, all from wages, of $94,200.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Social Security	$5,840.40	Individual Social Security	$6,782.40
Business Social Security	5,840.40	Business Social Security	4,898.40
Total Social Security	$11,680.80	Total Social Security	$11,680.80

Example #3

Assume an individual has an annual gross income, all from wages, of $106,800.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Social Security	$6,621.60	Individual Social Security	$7,787.52
Business Social Security	6,621.60	Business Social Security	5,553.60
Total Social Security	$13,243.20	Total Social Security	$13,341.12

Example #4

Assume an individual has an annual gross income, all from wages, of $150,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Social Security	$6,621.60	Individual Social Security	$11,520.00
Business Social Security	6,621.60	Business Social Security	8,320.00
Total Social Security	$13,243.20	Total Social Security	$19,840.00

Example #5

Assume an individual has an annual gross income of $200,000.00, of which $150,000.00 is from wages.

Current tax system		Fishman's Framework for Tax Reform	
Individual Social Security	$6,621.60	Individual Social Security	$15,840.00
Business Social Security	6,621.60	Business Social Security	7,800.00
Total Social Security	$13,243.20	Total Social Security	$23,640.00

Example #6

Assume an individual has an annual gross income of $250,000.00, of which $200,000.00 is from wages.

Current tax system		Fishman's Framework for Tax Reform	
Individual Social Security	$6,621.60	Individual Social Security	$20,880.00
Business Social Security	6,621.60	Business Social Security	10,400.00
Total Social Security	$13,243.20	Total Social Security	$31,280.00

Example #7

Assume an individual has an annual gross income, all from wages, of $300,000.00.

Current tax system		Fishman's Framework for Tax Reform	
Individual Social Security	$6,621.60	Individual Social Security	$25,920.00
Business Social Security	6,621.60	Business Social Security	15,600.00
Total Social Security	$13,243.20	Total Social Security	$41,520.00

Example #8

Assume an individual has an annual gross income, all from wages, of $500,000.00 per year.

Current tax system		Fishman's Framework for Tax Reform	
Individual Social Security	$6,621.60	Individual Social Security	$50,400.00
Business Social Security	6,621.60	Business Social Security	26,000.00
Total Social Security	$13,243.20	Total Social Security	$76,400.00

Example #9

Assume an individual has an annual gross income, all from wages, of $750,000.00.

Current tax system		Fishman's Framework for Tax Reform	
Individual Social Security	$6,621.60	Individual Social Security	$86,400.00
Business Social Security	6,621.60	Business Social Security	39,000.00
Total Social Security	$13,243.20	Total Social Security	$125,400.00

Example #10

Assume an individual has an annual gross income, all from wages, of $1,000,000.00.

Current tax system		Fishman's Framework for Tax Reform	
Individual Social Security	$5,840.40	Individual Social Security	$122,400.00
Business Social Security	5,840.40	Business Social Security	52,000.00
Total Social Security	$13,243.20	Total Social Security	$174,400.00

Appendix F

Comparing Medicare taxes

The current tax code funds Medicare via the payroll tax. It receives 1.45% of the employee's annual gross wage, and a matching 1.45% contribution from the employer, also based on the employees' annual gross wage.

In Fishman's Framework for Tax Reform, Medicare is funded as follows: The employer contribution is 2.8% based on the employee's annual gross wage, and, the employee's contribution is 3.0%, indexed to annual gross income. (See Appendix B.)

Example #1

Assume an individual has an annual gross income, all from wages, of $40,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$580.00	Individual Medicare	$1,200.00
Business Medicare	580.00	Business Medicare	1,120.00
Total Medicare	$1,160.00	Total Medicare	$2,320.00

Example #2

Assume an individual has an annual gross income, all from wages, of $94,200.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$1,305.00	Individual Medicare	$2,700.00
Business Medicare	1,305.00	Business Medicare	2,520.00
Total Medicare	$2,610.00	Total Medicare	$5,220.00

Example #3

Assume an individual has an annual gross income, all from wages, of $100,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$1,450.00	Individual Medicare	$3,000.00
Business Medicare	1,450.00	Business Medicare	2,800.00
Total Medicare	$2,900.00	Total Medicare	$5,800.00

Example #4

Assume an individual has an annual gross income of $150,000.00 **of which $100,000.00 is from wages.**

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$1,450.00	Individual Medicare	$4,800.00
Business Medicare	1,450.00	Business Medicare	2,800.00
Total Medicare	$2,900.00	Total Medicare	$7,600.00

Example #5

Assume an individual has an annual gross income of $200,000.00, **of which $150,000.00 is from wages**.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$2,175.00	Individual Medicare	$6,600.00
Business Medicare	2,175.00	Business Medicare	4,200.00
Total Medicare	$4,350.00	Total Medicare	$10,800.00

Example #6

Assume an individual has an annual gross income of $250,000.00, **of which $200,000.00 is from wages.**

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$2,900.00	Individual Medicare	$8,700.00
Business Medicare	2,900.00	Business Medicare	5,600.00
Total Medicare	$5,800.00	Total Medicare	$14,300.00

Example #7

Assume an individual has an annual gross income of $300,000.00, **of which $200,000.00 is from wages.**

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$2,900.00	Individual Medicare	$10,800.00
Business Medicare	2,900.00	Business Medicare	5,600.00
Total Medicare	$5,800.00	Total Medicare	$16,400.00

Example #8

Assume an individual has an annual gross income, all from wages, of $500,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$7,250.00	Individual Medicare	$21,000.00
Business Medicare	7,250.00	Business Medicare	14,000.00
Total Medicare	$14,500.00	Total Medicare	$35,000.00

Example #8 a

Assume an individual has an annual gross income of $500,000.00, **of which $300,000.00 is from wages.**

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$4,350.00	Individual Medicare	$21,000.00
Business Medicare	4,350.00	Business Medicare	8,400.00
Total Medicare	$8,700.00	Total Medicare	$29,400.00

Example #9

Assume an individual has an annual gross income, all from wages, of $750,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$10,875.00	Individual Medicare	$36,000.00
Business Medicare	10,875.00	Business Medicare	21,000.00
Total Medicare	$21,750.00	Total Medicare	$57,000.00

Example #10

Assume an individual has an annual gross income, all from wages, of $1,000,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$14,500.00	Individual Medicare	$51,000.00
Business Medicare	14,500.00	Business Medicare	28,000.00
Total Medicare	$29,000.00	Total Medicare	$79,000.00

Example #10 a

Assume an individual has an annual gross income of $1,000,000.00, **of which $750,000.00 is from wages.**

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$10,875.00	Individual Medicare	$51,000.00
Business Medicare	10,875.00	Business Medicare	21,000.00
Total Medicare	$21,750.00	Total Medicare	$72,000.00

Example #11

Assume an individual has an annual gross income, all from wages, of $1,500,000.00.

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$21,750.00	Individual Medicare	$81,000.00
Business Medicare	21,750.00	Business Medicare	42,000.00
Total Medicare	$43,500.00	Total Medicare	$123,000.00

Example #11a

Assume an individual has an annual gross income of $1,500,000.00, **of which $1,000,000.00 is from wages.**

Current tax system		**Fishman's Framework for Tax Reform**	
Individual Medicare	$14,500.00	Individual Medicare	$81,000.00
Business Medicare	14,500.00	Business Medicare	28,000.00
Total Medicare	$29,000.00	Total Medicare	$109,000.00

Appendix G

Funding Public Education

(A proposal separate from Fishman's Framework for Tax Reform)

Discrimination based on age, race, sex and religion is no longer allowed. It is now time to stop educational discrimination based on poverty. Educational discrimination based on poverty results in a two-tiered, unequal educational system: superior schools for the rich and inferior schools for the poor. Having a two-tiered, unequal educational system not only produces devastating consequences for the children of the poor, but also for society at large.

By definition, poverty forces the poor to live in low income tax-based school districts. Since school districts with a low income tax base receive less in educational funding than school districts with a high income tax base, underprivileged children are automatically deprived of educational and cultural opportunities available to the rich. This unequal distribution of educational resources therefore punishes the poor simply for being poor. The knowledge of this inequity gives children of the poor an inferiority complex while giving children of the rich a superiority complex. Starting children out under these circumstances is unacceptable.

Additionally, this two-tiered, unequal educational system produces too many students that lack the skills necessary to provide for themselves and their future families. It produces too many students who will be unable to compete in a 21st-century economy, too many students that will be unable to go on to higher education, and too many students that have no hope of fully participating in the American dream. The long-term implication from our current educational system is an expanding and permanent lower class. This represents a danger to our democracy and this is unacceptable.

The solution is to make all schools superior schools. This tax reform plan accomplishes this goal by providing the funding necessary to upgrade existing schools, build new schools, hire and retain quality teachers, provide all the learning materials and courses necessary to properly educate our children, and allow all qualified students the opportunity to attend college or vocational school free of charge. The revenue necessary to fully fund public education is raised as follows:

Section 2.iv. of this tax reform plan requires a 1% payroll tax assessed to all working people for public education, and this raises $90 billion dollars per year. Section 8.o. requires each state to allocate 50% of its reimbursement money for public education. This comes to $163 billion dollars per year. These two funding sources total $253 billion dollars and represent a 455% funding increase. In combination with state and local taxes, the full funding of public education has been achieved. We will now able to create superior schools for everyone, and guarantee every student a first-rate education no matter where they live and no matter the income level of their family. This effectively ends educational discrimination based on poverty.

Removing poverty as an impediment to a first-rate education is the most important first step we can take to undo the damage caused by present social and educational policies. Allowing all children a free, first-rate education from pre-school through college or vocational school is the key to reducing the number of unskilled, poorly educated lower-class people, and by extension, increasing the number of highly skilled, highly educated, middle-class people. These are the two most important factors necessary to stabilize and protect our democracy, and this funding proposal accomplishes this goal.

Funding Public Education at the Federal Level

1. Fully fund all costs associated with Project Head Start.
2. Fully fund all costs associated with the School Lunch Program.
   a. The School Lunch Program shall consist of two meals, breakfast and lunch. Students shall have a minimum of 45 minutes to consume each meal.
   b. Each meal shall contain only high-quality foods. A whole food, plant-based diet shall be emphasized (fresh vegetables, fresh fruits, beans, nuts, seeds, whole grains, etc.) with appropriate amounts of high quality lean meats and fish.
   c. All foods must be prepared on school premises.
   d. Foods and beverages containing refined flour, trans-fats, hydrogenated or partially hydrogenated oils, dyes, msg, high-fructose corn syrup, or artificial sweeteners are prohibited and shall not be served to students.
   e. All products that contain growth hormones are prohibited and shall not be served to students.
   f. Fried foods and prepackaged processed foods such as canned vegetables, canned fruit, canned soups and luncheon meats are prohibited and shall not be served to students.
   g. "Junk foods" such as candy bars, soft drinks or other sugary foods and drinks, including fruit juices, are prohibited and shall not be served to students.
   h. Whenever practical, organic foods should be provided.
   i. The School Lunch Program shall be a year-round program. Those students not enrolled in summertime classes may still come to school for breakfast and lunch during the summer months.
3. Fund 75% of the cost of medical clinics that will be a part of the public school system. All new schools and where economical, existing schools shall have medical clinics adequate to care for all enrolled students.
4. Fund 25% of teacher salaries for elementary, junior and senior high school and vocational trade schools. Teacher salaries must start at 33% of the base pay of members of the United States House of Representatives.
5. Fund 25% of the cost for new school construction, textbooks, computer and laboratory equipment for elementary, junior and senior high schools and vocational trade schools.
6. Fund 50% of the costs associated with the four year higher education program leading to a bachelor's degree in the arts and sciences. (See State Funding of Public Education, 1. e.)
7. Fund 50% of the $1,000.00 award to students who successfully complete high school, the four-year higher education program, or the 12-month to 36-month vocational trade school courses.
8. Require implementation of Section 8.o from Fishman's Framework for Tax Reform.

COMMENTARY

1. **Project Head Start:** Project Head Start is one of the most constructive things we can do for our society. At the present time, those parents with the economic resources to prepare their children with special opportunities prior to the beginning of formal schooling do so. Since low income parents cannot provide these same opportunities for their children, the children of the poor are now at a significant disadvantage compared to the children of the rich. It is simply unacceptable to begin the formal education of our children under these conditions. Project Head Start helps to level the playing field so this does not happen. Preparing all children for school is in our national self-interest. The federal government must assume this responsibility and Project Head Start is the best first step we can take.

2. **School Lunch Program:** At the present time, millions of America's children go to bed hungry. This means that millions of children are at risk for proper growth and development. Hungry children suffer from under-nutrition during critical periods of growth. This has a negative impact on their cognitive and physical development and is unacceptable. Part of the solution is to feed children nutritious, health promoting meals through the School Lunch Program. This will help students with their cognitive and physical development and will also help to reduce future behavioral problems. The children will be rewarded with increased school performance and be less at risk for future antisocial behavior.

   Children are not responsible for being poor or hungry. When children come to school in this condition it is through no fault of their own. They should not be punished by being deprived of nutritious food. They should not suffer mental and physical underdevelopment simply because their parents have been unable to adequately provide for them. It is our responsibility to help. It is in our national interest to help. It's the smart thing to do and it is the right thing to do.

   You will notice that only high-quality foods are allowed in the School Lunch Program. It makes no sense to feed anyone, much less growing children, anything other than high quality, nutritious foods. You will also notice that all beef, fish, fowl and dairy products must be growth hormone-free. It makes no sense to tell our students, and our student athletes in particular, that they should not take performance-enhancing steroids and then allow growth hormones to be served to them in the food provided through the School Lunch Program.

   In the last 30 years, childhood obesity, a precursor to diabetes and heart disease, has increased to epidemic proportions. This is not due to a genetic defect. It is primarily due to a horrific diet and physical inactivity.

   The current American diet promotes childhood obesity by placing too much emphasis on animal products and refined carbohydrates. This allows excess amounts of sugar, fat, salt, trans-fats and high-fructose corn syrup into the diet and these are contributing factors to the obesity and other diseases we see in children and later in adults. This is a diet that promotes disease and this cannot be allowed in our public schools.

   The solution to this appalling diet is as simple as it is logical: Change the diet. Scientists and doctors have conclusively demonstrated that a whole food, plant-based diet, absent refined carbohydrates with appropriate amounts of high quality lean meats and fish is a far superior approach to health than the current diet that emphasizes an overabundance of low quality animal products and refined carbohydrates. As a nation, we must put into practice what

science has learned and insist that this knowledge be incorporated into the School Lunch Program. Adopting this new diet will ensure that our children consume foods that promote health rather than foods that promote disease.

From a taxpayer's point of view, not feeding children health-promoting foods for breakfast and lunch is pennywise and pound foolish. Spending the small amounts of money up front on a health promoting diet will help save our children from the curse of obesity, diabetes, heart and other diseases and in the process save us billions of dollars in future medical costs.

An added benefit from implementing this health-promoting diet into the School Lunch Program will be the effect proper nutrition for the young will have on the family. As children become healthier, they will encourage their parents to provide in their homes the same types of foods they consume in school. As this happens, parents will become sensitized to and gain knowledge about health-promoting foods. They will begin to change their dietary habits by making better food choices for themselves and their families. As society becomes healthier, less disease occurs and this will make expenditures for health care decrease. From a taxpayer's point of view, the lowering of expenditures for health care will turn out to be one of the great accomplishments of this tax reform plan.

3. **Medical clinics**: The addition of on-site medical clinics to our schools represents a giant step forward in the delivery of National Health Care to the nation. These on-site medical clinics will provide medical care for all enrolled students. This will take pressure off other medical clinics and ensure that millions of children receive the care they need. The simple fact that medical care will now be available to all enrolled students further reduces the stress and anxiety found in today's horrific healthcare world.

4. **Teacher Salaries:** Teacher salaries will begin at one-third the base pay of a member of the United States House of Representatives. This comes to a starting base pay of $54,516.00 of which the federal government will pay 25%. This starting salary will attract many more exceptional people to the teaching profession, and states will now be able to hire them. Quality teachers ensure quality education. Without quality teachers we cannot have superior schools. The purpose of Public Education is to give every child in America a great education and funding from this section will help to accomplish this goal.

5. **School construction and supplies:** With the help of the federal government, states will be able to build and equip all the schools necessary to ensure that every child in America receives a superior education. The federal government will now fund 25% of the construction costs of new elementary, junior and senior high schools as well as vocational trade schools. The federal government will also fund 25% of the costs to equip these schools with textbooks, computer and laboratory equipment. This will help to guarantee that everything physically and technically necessary to educate our students will be available.

6. **Higher education:** The federal government will now fund 50% of the costs associated with higher education. For the purpose of this section, higher education shall be defined as a four year program leading to a degree in the arts and sciences administered through existing colleges and state universities, and up to a three year program in vocational school, leading to completion of 12 to 36 month courses in a trade, and administered through existing vocational schools or vocational schools that need to be built (See State Funding for Education, Section 1. e.) With the states contributing the other 50%, higher education will now be free and available to all. This means that poverty will no longer be a barrier in

pursuit of a college education or vocational training, and will result in more people going to college or vocational school. America will now have the world's most highly skilled, educated population and this will help maintain our position as leader of the free world.

7. **Incentives:** As an added incentive to our youth, the federal government will provide 50% of the $1,000.00 cash award to those students who successfully complete high school, higher education or vocational trade school. This one-time award will encourage our students to continue their education or vocational training to completion. This is money well spent.

8. **State obligation of reimbursement money**: Section 8.o. of Fishman's Framework for Tax Reform stipulates that 50% of the money reimbursed to the states be spent on Public Education ($163 billion). This is in addition to the money the federal government is required to contribute from this proposal ($90 billion). Combined with the money the states would normally allocate to public education, and the money from local taxes, public education will now have all the funds necessary to create superior schools. This means that all classes, from art and music to biology and computer, will have all the supplies and equipment necessary to give our students a first-rate education. This means that art teachers will no longer be forced to use their own money to buy supplies for their students due to insufficient funding. This means that musical instruments will be available to all students. This means that there will be enough teachers and schools to eliminate the overcrowded classrooms commonly seen today. This means that our children's teachers will be of the highest quality because there is now enough money to attract the best and the brightest to the teaching profession. This superior level of funding ensures that all students from every section of the country will receive a first rate education.

Funding Public Education at the State Level

1) Section 8.o. of Fishman's Framework for Tax Reform requires state legislatures to allocate 50% of their reimbursement money to fund Public Education. This money shall be allocated as follows:

   a. Money shall be allocated to the poorer schools first, to bring them up to par with the wealthier schools. After educational parity among the schools has been achieved, funding shall be allocated to keep all schools at the superior level.

   b. Construction of new schools and modifications to existing schools. The goal is to have no more than 1,200 students per junior or senior high school (400 students per grade), no more than 400 students per elementary school, and a student-teacher ratio of no more than 24:1.

      i. Funding for the construction of these schools (and vocational trade schools) shall be divided as follows: 75% from the state and 25% from the federal government.

      ii. New schools and, where economically justifiable, existing schools shall contain medical clinics capable of caring for all enrolled students. These medical clinics shall be funded as follows: 25% by the state and 75% by the federal government.

c. Teacher salaries must be raised to a starting point that would be equal to one-third the annual salary of a member of the United States House of Representatives.

   i. Teacher salaries shall be funded as follows: 75% by the state and 25% by the federal government.

   ii The hiring and continued employment of teachers must be based on merit and performance standards.

d. Public Education must include, but not be limited to, providing the following classes in grades 1 through 12: Natural and biological sciences, anatomy and physiology, nutrition, mechanical sciences, reading, mathematics, history, civics (including current events), personal financial management, theatre, music, art and dance and physical education. Physical education classes of one hour per day required from grades seven through twelve.

   i. Public schools are prohibited from accepting any curriculum or teaching materials developed by private industry that would directly benefit that industry. This ban includes, but is not limited to, lesson plans, print and visual media, and any and all other course material.

e. At the end of the tenth, eleventh and twelfth grades, students will have three choices. Students may:

   i. Continue with high school.

      High school will continue through the twelfth grade. Those students who want to continue high school may do so. High school shall remain free of charge.

   ii. Enter higher education.

      Higher education consists of a four-year program which will provide a bachelor's degree in the sciences or the liberal arts administered through existing colleges and state universities or new colleges or universities. The four years of college education shall be free of charge.

   iii. Enter vocational trade school.

      Vocational trade school shall consist of 12-month to 36-month courses in a wide variety of professions and services. These courses will be taught through existing vocational schools and new vocational schools to be built as needed. The 12-month to 36-month courses shall be free of charge.

f. All students who graduate from high school, vocational trade school or higher education shall receive a one-time award of $1,000.00. This one-time award shall be funded as follows: 50% ($500.00) shall be funded by the state, and 50% ($500.00) shall be funded by the federal government.

COMMENTARY

a. **Allocation of money**: The arguments over funding one school to the detriment of another school are over. Funding problems associated with low tax base school districts vs. high tax base school districts are over. Funding for education now comes from the federal government, the states' portion of their reimbursement money, the states' general fund and local taxes. There is now more than enough money to fund all schools, rural, urban and suburban. This provision mandates that the poorer schools receive funding first, so that these schools may be brought up to par with wealthier schools. This will provide the incentive to get things done. After this has been achieved, all schools receive money to maintain their status as superior schools. This will ensure that all schools remain superior schools.

b. **School construction:** It is a fact that schools with smaller class size produce better students. Smaller classes allow teachers to give students more individual attention. This helps the learning process. The goal must be to stop the trend towards mega schools, which occurs because of budget constraints. Rather than putting students in with thousands of other students, which promotes anonymity, loneliness and a sense of loss, money will now be available to build the schools necessary to provide smaller classroom size. This will provide students with a better learning environment and this will promote self-confidence and excellence.

c. **Teacher salaries**: It is impossible to deal with Public Education without addressing teacher salaries. To attract the best and the brightest, to attract the most qualified, we must pay teachers what they are truly worth. I have valued their base pay to start at one third the salary of a member of the United States House of Representatives. All teachers will now start with an entry level salary of $57,420.00 (Based on fiscal year 2010).

   The federal government will pay 25% of this $57,420.00 base pay. This federal subsidy will allow every state to attract and hire highly qualified teachers. This starting salary will provide teachers with the economic base they need to negate the choice that most good teachers are forced to make: going into private industry to make more money, or staying in Public Education out of duty, but living poorly. Quality teachers are worth their weight in gold and should be paid accordingly.

d. **Required classes:** The study of anatomy, physiology and nutrition starting in the first grade is now required. Students need to know basic anatomy, physiology and nutrition from the earliest age possible. This knowledge will help the students make good choices throughout their lives. Making good choices will help prevent many medical conditions and will therefore cut down on future medical costs.

   The study of mechanical technologies starting in the first grade is now also required. The study of mechanical technologies requires the taking apart and the putting back together of all types of products, starting with toys. These procedures will help students begin to understand how and why things work. It will allow the child an elementary understanding of how and why the universe works. Taking things apart and putting them back together at this very young age will help the child develop a relationship between the self and the environment. This will be of enormous importance to the child. Over time, the lessons learned through these classes will help the child feel comfortable in any situation. In this sense, the child will never be lost in any environment. This will have an enormous impact upon the emotional as well as the intellectual development of the child.

Civics classes have also been re-incorporated into the school curriculum. It is in civics classes that students will engage in vigorous debates on the great issues of the day. It is in civics classes that students will learn how our government works. It is in civics classes that students will learn how to have an impact on our government. It is in these classes that students will learn the meaning of participating in our democracy and this will help to prepare our students to become future leaders.

As a prerequisite for adulthood, it is imperative for students to be able to balance a checkbook, use credit cards wisely and comprehend the repercussions of debt. Too often, the current high school drop out or graduate does not fully understand these and other financial concepts. This puts them at great financial risk as they enter their new economic world.

To help remedy this situation, all public schools are now required to provide classes in personal financial management. The knowledge students gain from these classes will help them successfully navigate their way through the difficult times that lay ahead.

Funding for the arts has now been required. Superior schools must encourage the development of all aspects of the human experience. The arts, along with physical activities and the sciences are necessary for the proper growth and development of the adolescent brain. Theatre, music, art and dance play an integral role in the maturing of a child. Participation in the arts fulfills the students need for creativity and self-expression. Participation in the arts also balances the analytical thought processes required from the other subjects students are required to take. Indirectly, participation in the arts also enhances the ability to develop business acumen.

As mentioned earlier, childhood obesity is reaching epidemic proportions and is due mainly to a horrific diet and lack of exercise. Requiring all children to participate in a daily, vigorous physical education program will help mitigate this danger.

It is unnatural for children to be cooped up for hours on end without physical activity. The suppression of the natural urge to run and play leads to emotional and physical problems. Symptoms range from daydreaming, lack of focus and "acting out" to childhood obesity. Daily physical activity, from hopscotch to structured physical events, helps relieve the stress and tension built up through long hours of confinement to the desk. Relieving stress through physical activity will help prevent many of the behavioral problems and potential physical problems students are now subject to. The coordination and sense of well-being obtained from participating in physical activities also help children balance their lives.

When combined with the School Lunch Program, the dynamic duo of physical education and nutritious, health-promoting foods will help prevent the onset of childhood obesity and other future health problems. Physical education therefore helps to safeguard our children's health and saves us billions of dollars in future medical costs.

There is another element that must be emphasized and that is the intangible element of joy. All parents immediately recognize the sense of satisfaction, happiness and joy their children radiate when they accomplish their goals through arts and sports. These emotions transform schools from dreary buildings to places where students want to go, places where students want to congregate. The concept of students enjoying themselves as they go through school should not be underestimated. Happy students do better in school and are less likely to drop out. Students who have participated in the arts and sports become well rounded and well-rounded students do better in all their studies and have better prospects for the future.

e. **Student options:** Allowing students the option of higher education or vocational trade school at the end of tenth, eleventh or twelfth grade will pre-empt the devastating dropout rate we see today. Now, instead of dropping out, those students who are ready for a change can continue onward by going to college or vocational school. They have the choice of continuing with higher education or learning a skill that will make them immediately employable. Replacing the last two years of high school with the option of college or vocational trade school, both of which are free of charge, will make life meaningful for those who are ready to move on.

Upon graduation from high school, students may still choose to go to higher education or vocational trade school. This allows those students who were not ready to make such a momentous decision at an earlier time the opportunity to continue forward and become productive members of society. These options will help to produce America's most educated students and America's most employable youth.

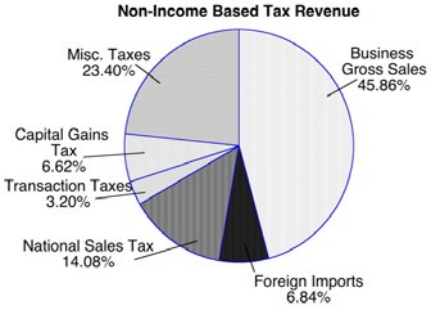
It is important to emphasize that both vocational trade school and college are free of charge. This will allow all qualified students, from all income levels, the chance to learn a trade or go on to higher education. This will do more to expand the middle-class and strengthen our democracy than all other programs so far devised.

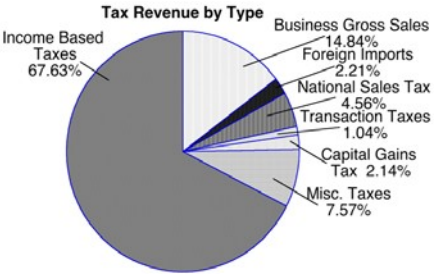
f. **Incentives:** As an added incentive to ensure success, there is a one-time $1,000 award for those who graduate from high school, vocational trade school or higher education. This award serves two purposes. First, it will provide students with a monetary incentive to successfully complete this phase of their education. And second, it will give students financial assistance as they begin higher education or enter the work force.

Graduating from high school, vocational trade school or higher education means that students are educated and employable. Educated and employable students are less likely to join gangs or be involved in criminal activity. This has enormous implications not just for students but also for society at large.

Appendix H: Projected Tax Revenue from Fishman's Framework for Tax Reform

Item		Proposed Tax Rate	Revenue
Business Gross Sales	**[1]**		**$497,764,843,020**
Under $25,000 (including no receipts)		0.50%	859,253,383
from $25,000 and under $100,000		0.50%	1,418,216,058
from $100,000 and under $250,000		0.50%	1,998,378,857
from $250,000 and under $500,000		0.75%	3,500,653,995
from $500,000 and under $1Million		1.00%	6,506,984,691
from $1Million and under $2.5Million		1.30%	13,843,803,291
from $2.5Million and under $5Million		1.70%	15,618,392,992
from $5Million and under $10Million		1.90%	18,910,422,892
from $10Million and under $50Million		2.10%	54,255,703,541
$50Million or more		2.25%	380,853,033,320
Foreign Imports			**$74,216,000,000**
gross sales	**[2]**	4.00%	74,216,000,000
penalty tax (unknown)			
National Sales Tax	**[3]**	5.00%	**$152,821,099,850**
Transaction Taxes			**$34,726,901,000**
residential property sold	**[4,5,6]**	1.00%	17,827,761,000
commercial property sold	**[7]**	1.00%	3,719,140,000
businesses sold	**[8]**	1.00%	13,180,000,000
Captial Gains Tax			**$71,831,340,000**
capital gains, items held up to 1 year	**[9]**	27.00%	8,891,100,000
captial gains, items held more than 1 year	**[10]**	13.50%	62,940,240,000
Misc. Taxes			**$254,002,134,286**
estates in excess of $5Million	**[11]**	50.00%	43,291,072,000
Excise taxes			
alcohol, tabacco, firearms	**[12]**		17,941,902,000
gasoline	**[13,14]**	$0.285/gallon	39,873,450,184
natural resources royalty	**[15]**	1.10%	116,215,000,000
gift taxes	**[16]**		36,680,710,102
Sub-Total from Non-Income Based Taxes			**$1,085 Billion**





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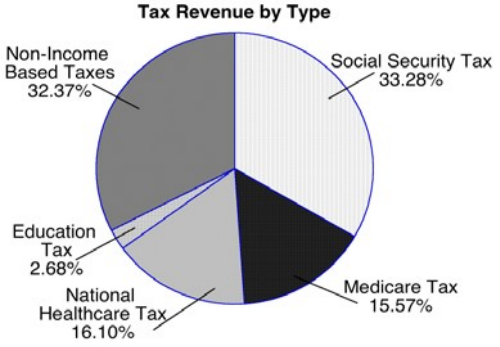
Appendix H: Projected Tax Revenue from Fishman's Framework for Tax Reform

Item		Proposed Tax Rate	Revenue
Income based taxes			**$2,267.83 Billion**
US Population = 301,523,368	**[17]**		
tax returns filed = 228,985,300	**[18]**		
mean individual income = $36,884	**[19a]**		
mean family income = $54,061	**[19b]**		
Social Security			**$1,115,918,218,937**
Individual		7.20%	647,952,514,222
Business		5.20%	467,965,704,716
Medicare			**$521,961,747,567**
Individual		3.00%	269,980,214,259
Business		2.80%	251,981,533,308
National Health Care			**$539,960,428,518**
Individual		3.00%	269,980,214,259
Business		3.00%	269,980,214,259
Education			**$89,993,404,753**
Individual		1.00%	89,993,404,753
Business			
Sub-Total From Individual Taxes			**$2.27 Trillion**
Sub-Total From Non-Income Based Taxes			**$1.08 Trillion**
Total Tax Revenue			**$3.35 Trillion**



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Sources (Based on government statistics 2002 - 2005)

[1]: IRS SOI Tax Statistics Integrated Business Data for 2003 for all industries, http://www.irs.gov/taxstats/bustaxstats/article/0,,id=152029,00.html

[2]: Goods only, 2006 http://www.census.gov/foreign-trade/statistics/highlights/annual.html

[3]: 2002 Economic Census:http://factfinder.census.gov/servlet/IBQTable?_bm=y&-geo_id=D&-ds_name=EC0244A1&-_lang=en

[4]: NATIONAL ASSOCIATION OF REALTORS, Washington, DC, 2004-2006 Total sales reports averaged including single family homes, condos, and co-ops: - http://www.realtor.org/Research.nsf/Pages/EHSdata

[5]: U.S. Census Bureau and U.S. Dept. of Housing and Urban Development, new residence sales <http://www.census.gov/const/www/newressalesindex.html>. Average 2002-2005.

[6]: U.S. Census Bureau, "Manufactured Housing." See Internet site <http://www.census.gov/const/www/mhsindex.html>. New manufactured homes placed average 2003-2005.

[7]: "2003 Commercial Buildings Energy Consumption Buildings (CBECS) Detailed Tables",<http://www.eia.doe.gov/emeu/cbecs/cbecs2003/detailed_tables_2003/detailed_tables_2003.html> yearly average of 2000-2003 new commercial building construction

[8]: Mergers and acquisitions average 2001-2003, U.S. Census bureau, statistical abstract of the United States: 2004-2005

[9]: Department of the Treasury, office of tax analysis, Feb. 9, 2007 - 2004 Value (total capital gains: www.treas.gov/offices/tax-policy/library/capgain1-2006.pdf)

[10]: Department of the Treasury, office of tax analysis, Feb. 9, 2007 - 2004 Value: www.treas.gov/offices/tax-policy/library/capgain2-2006.pdf

[11]: Number of estates. IRS 2001 statistics: http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96426,00.html

[12]: 2005 value, http://www.irs.gov/taxstats/bustaxstats/article/0,,id=97148,00.html
Number of gallons used based upon 2004 per capita use and US population, 2007 –

[13]: Per capita source: Fuel consumption data from the Energy Information Administration

[14]: Population data is from the U.S. Bureau of the Census.

[15]: Table 850. Gross Domestic Product of Natural Resource-Related Industries in Current and Real (2000) Dollars - average over 2002-05, chained dollars: http://www.census.gov/compendia/statab/natural_resources/

[16]: IRS, Statistics of Income Division, unpublished data, November 2006. Total gift value in 2006

[17]: US Census Bureau, April 3, 2007: http://factfinder.census.gov/home/saff/main.html?_lang=en

[18]: Tax returns filed, IRS

[19a]: Department of Commerce, Bureau of the Census: TABLE B–33.—Median money income (in 2004 dollars) and poverty status of families and persons, by race, selected years, 1991–2004, average of male and female incomes for 2004

[19b]: Department of Commerce, Bureau of the Census: TABLE B–33.—Median money income (in 2004 dollars) and poverty status of families and persons, by race, selected years, 1991–2004, value for 2004

Budget Projections 2008-2012 (in billions)

Agency/Department		2008	2009	2010	2011	2012	Totals
Alternative Medicine		2.0	2.0	2.0	2.0	2.0	10.0
Agriculture		22.0	22.5	23.0	23.5	24.0	115.0
Commerce		7.0	7.0	7.5	7.5	8.0	37.0
Defense		450.0	450.0	405.0	405.0	400.0	2,110.0
War on Terror		144.0	100.0	50.0	10.0	5.0	309.0
Energy		25.5	26.0	26.0	26.5	27.0	131.0
Implementation of infrastructure for non-polluting energy		30.0	30.0	35.0	40.0	50.0	185.0
Environmental Protection Agency		16.0	16.0	16.0	18.0	18.0	84.0
Health & Human Services		75.0	76.0	77.0	78.0	79.0	385.0
Homeland Security		34.0	30.0	28.0	26.0	24.0	142.0
Housing & Urban Development		46.0	47.0	48.0	49.0	50.0	240.0
Interiror		11.0	11.5	11.5	11.5	12.0	57.5
Justice		21.0	21.5	22.0	22.5	23.0	110.0
Labor		14.0	14.0	14.5	14.5	14.5	71.5
State & other Int'l programs		36.0	36.0	36.0	36.5	37.0	181.5
Non-military foreign aid		15.0	15.0	20.0	20.0	25.0	95.0
State reimbursement		325.5	335.3	345.4	359.2	377.2	1,742.6
Government Rebates		94.3	94.3	94.3	94.3	91.5	468.7
Small Business Admistration		0.5	0.6	0.6	0.7	0.7	3.1
Transportation		100.0	100.0	110.0	110.0	110.0	530.0
Treasury		12.0	12.0	12.5	12.5	13.0	62.0
Veterans Affairs		40.0	35.0	25.0	15.0	7.5	122.5
Corps of Engineers		6.0	7.0	7.5	8.0	9.0	37.5
Executive Office of the President		0.3	0.3	0.4	0.4	0.4	1.8
Judicial Branch		6.0	6.5	7.0	7.0	7.5	34.0
Legislative Branch		5.0	5.5	6.0	6.0	6.5	29.0
NASA		18.0	20.0	22.0	24.0	26.0	110.0
National Science Foundation		8.0	8.5	9.0	9.5	10.0	45.0
Emergencies		25.0	25.0	25.0	25.0	25.0	125.0
Other agencies		8.0	8.5	9.0	9.5	10.0	45.0
Interest on National Debt		261.0	261.0	261.0	261.0	261.0	1,305.0
	Expenditures	1,858.1	1,824.0	1,756.2	1,732.6	1,753.8	8,924.7
	Revenue*	1,396.0	1,648.9	1,809.4	1,881.8	1,975.9	8,712.0
	Expenditures	1,858.1	1,824.0	1,756.2	1,732.6	1,753.8	8,924.7
	Surplus (deficit)	-462.1	-175.1	53.2	149.2	222.1	-212.7

Assumptions: Revenues increase in 2009 by 3% Revenues increase in 2011 by 4%
Revenues increase in 2010 by 3% Revenues increase in 2012 by 5%

*The revenue raised from Social Security, public education, Medicare and National Health Care are are not included, except for the declining amounts from National Health Care which are included for years 2008, 2009 and 2010. The aforementioned programs raise their own revenue and their revenue is allocated only for their respective programs. See pages 117 and 118.

Veterans affairs funding declines to $7.5 billion annually because veteran health care services are being transferred to National Health Care. Additionally, educational benefits are now administered through public education, which allows all qualified to attend college, free of charge.