

Statement by Senator Saxby Chambliss

on Fair Tax Act (S.1493)

Mr. CHAMBLISS. Mr. President, I rise today to introduce the Fair Tax Act of 2003. This bill will promote freedom, fairness, and economic opportunity by repealing the income tax and other taxes, abolishing the Internal Revenue Service, and enacting a national sales tax.

The Fair Tax, commonly referred to as a national sales tax, is a necessary piece of tax reform that, should it pass, upon its inception would uproot our current unjust progressive tax code and replace it with a simpler, fairer one.

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**Saxby Chambliss
U.S. Senator**

I believe our antiquated tax code, that was implemented in 1913, and has since been modified numerous times, is overly complicated and desperately in need of an overhaul. We are well beyond rectifying the unfairness in our current system by tinkering around the edges. All Americans are in dire need of unbiased sweeping tax reform – and the fair tax is just that.

The Fair Tax Act of 2003 would repeal the individual income tax, the corporate income tax, capital gains taxes, all payroll taxes, the self-employment tax and the estate and gift taxes in lieu of a 23% tax on the final sale of all goods and services. The eradication of these taxes will not only bring about equality within in our tax system, it will also bring about simplicity.

This bill will also provide for tax relief for business-to-business transactions. These transactions, including used product transactions which have already been taxed, are not subject to the sales tax, thereby abrogating any double taxation.

Social Security and Medicare benefits would remain untouched under the Fair Tax bill. There would be no financial reductions to either one of these vital programs. Instead, the source of the trust fund revenue for these two programs would be replaced simply by a sales tax revenue instead of a payroll tax revenue.

And lastly, under this bill, every American would receive a monthly rebate check equal to spending up to the federal poverty level according to the Department of Health and Human Services guidelines. This rebate would ensure that no American pays taxes on the purchase of necessities.

The Fair Tax creates a fairer, simpler code that allows every American the freedom to determine his or her own priorities and opportunities.

Ronald Reagan once said, *“I believe we really can, however, say that God did give mankind virtually unlimited gifts to invent, produce and create. And for that reason alone, it would be wrong for governments to devise a tax structure or economic system that suppresses and denies those gifts.”*

I couldn't agree more. And as long as we continue to operate under our current skewed tax code, we will continue to suppress and deny these unlimited gifts to the American people who would otherwise thrive boundlessly under the Fair Tax.