

## **DR. BRIAN DAVIS: 23% FEDERAL SALES TAX “A GOOD IDEA”**

*Dr. Brian Davis said that it's "a good idea" to put a new 23% federal sales tax on all goods and services, including food, rent, cars, medical care, and day care, while also eliminating all tax credits and deductions. Experts agree a plan like this would raise taxes on 80% of Minnesotans, hurt businesses and cause a recession.*

### **Dr. Davis Said a New 23% Federal Sales Tax on Food, Clothing and All Services is a “Good Idea.” Experts Say 80% of Minnesotans Would Pay More With a National Sales Tax.**

**Davis Said National Sales Tax Was A “Good Idea.”** At a debate in Winona, Dr. Davis said “I think the authors of the fair tax, Mr. Boortz and Representative Linder...they’ve got a good idea.” Davis’s campaign manager also noted: “Brian stated the Fair Tax is a ‘good idea...’” [Winona GOP Debate, 2/7/08; Davis press release, <http://briandavisforcongress.com>]

**A Federal Sales Tax Plan Will Raise Taxes on 80% of Minnesotans.** A study by the Institute on Taxation and Economic Policy, a non-partisan tax policy research organization, found that under this plan, 80 percent of Minnesotans would pay higher taxes, even if federal income and payroll taxes were eliminated and replaced with a 23% sales tax. [Institute on Taxation and Economic Policy, September 2004, <http://www.itpepnet.org/sale0904.pdf>]

**A National Sales Tax Imposes 23% Tax on All Goods, Including Groceries, Clothing, and Prescription Drugs.** H.R. 25 states, “the rate of tax is 23 percent of the gross payments for...taxable property or services,” defined as “any property (including leaseholds of any term or rents with respect to such property) ...and any service.” The purpose of H.R. 25 is to “tax all consumption of goods and services in the United States once, without exception,” and the Fair Tax Act does not make any exceptions for groceries, clothing and prescription drugs. [H.R. 25, 1/7/03]

**National Sales Tax “Hits Hardest at Young Families.”** According to an editorial by the *Wall Street Journal*, “A sales tax hits hardest at young families who have no choice but to spend on growing children.” [*Wall Street Journal*, 1/16/98]

**President Bush is Against a Federal Sales Tax Because It Would Raise Taxes on the Middle Class.** In an interview, President Bush was asked whether he would replace income taxes with a sales tax. Bush said: “No.” When asked whether a sales tax would “hurt the middle class,” Bush answered “yes.” [CNN, Larry King Live, 8/28/04]

### **A National Sales Tax Would Eliminate All Tax Deductions and Tax Credits**

**The National Sales Tax Plan Eliminates All Deductions and Tax Credits.** Under H.R. 25, the Child Tax Credit, the Earned Income Tax Credit, and the mortgage interest deduction would be eliminated. An Atlanta newspaper said, “The end of federal income taxes would render worthless the deduction for mortgage interest, a major incentive for home ownership. Without the incentive, fewer families might buy homes, a keystone to building a personal financial foundation.” [H.R. 25, 1/7/03; *Kansas City Star*, 2/12/03; *Atlanta Journal-Constitution*, Editorial, 8/18/04]

### **A National Sales Tax Plan Would Tax Seniors Twice on Social Security Benefits**

**Under Plan Dr. Davis Says is “Good Idea,” Seniors Would Be Taxed Twice for Social Security.** According to a report released in Tax Notes, H.R. 25 would force seniors to pay twice for their Social Security benefits. Seniors who earned their Social Security benefits by paying payroll taxes during their working years would now be subject to a 23% sales tax on everything they buy with their Social Security payments. [H.R. 25, 1/7/03, Tax Notes, 9/13/04]

### **Experts Agree: 23 Percent Federal Sales Tax Would Initiate a Recession, Hurt Businesses**

**A National Sales Tax Could Trigger Decade-Long Recession.** “It isn’t an exaggeration to say that a national sales tax could trigger a recession from which it would take decades to emerge.” [*Myrtle Beach Sun News*, 8/19/04]

**Republican Leader Says National Sales Tax Would Slow Economic Growth, Kill Jobs.** Dick Armey, the former GOP Majority Leader, wrote that the “likely consequence” of a national sales tax “would be a slowdown in business activity – and a loss of jobs and drop in wages for millions of American workers.” [Policy Review, Summer 1995]