

# Fair tax would come with monthly prebate

By SHARON KERR  
Staff Writer

What's a prebate? It's a check you would get from the government every month under the Fair Tax proposal (see related story).

Talk show host Neal Boortz and Congressman John Linder (R-Georgia) have written "The Fair Tax Book" that says killing the "bureaucratic monster that destroys initiative and impedes economic growth" is the key to a stronger U.S. economy.

They propose a "revenue neutral" scheme, where a 23 percent inclusive tax on all goods and services would produce the same revenue the federal government receives now, minus volumes of tax codes and armies of IRS agents and accountants who currently serve the monster.

Here is how it would work:

You buy a loaf of bread for a total price, including a national sales tax, of \$1.30. The store keeps 77 percent and gives 23 percent to the government. That's \$1 for the store, \$.30 for the feds.

Not only will groceries be taxed, but so will the doctor's bill, shoes, a new car, medicine and a haircut. If gas is around \$3 now, do the math and it jumps to \$3.90 per gallon.

To be as fair as the Fair Tax claims to be, the government gives each person or family an allowance for taxes on basic necessities like groceries.

They send you a monthly pre-rebate for these taxes and you get to keep 100 percent of every dollar you make, no payroll tax deductions.

Bob White, a local retiree opposed to Fair Tax, explains this is how the prebate works: Take the 2007 poverty level of \$13,690 for a married couple, multiply by 23 percent equals a prebate of \$3,148. It would be paid to this couple each month in the form of a government dole of \$262.

To be as fair as Fair Tax claims to be, the prebate is paid to everyone from farmers to brain surgeons. Fair Tax makes no distinctions, and the authors brag that is the beauty of "a completely fair and transparent" national sales tax.

If this all sounds great,

White cautions, "Do the math."

Local accountant Randy Sayers did just that, and found that the poorest people are hardest hit by a national sales tax, and the rich benefit the most.

Remember also there are no deductions for big medical expenses or unusual losses like East Texans incurred from Hurricane Rita. There are no deductions for donations to charities, churches or non-profits. The Fair Tax eliminates loopholes, all of them.

Besides, you "volunteer" to pay the national sales tax, according to the authors, and can choose not to pay (if you can figure out how not to buy anything new, ever). The only way to avoid the fair tax is to save, invest, or spend your earnings outside the country, options that the rich can probably use to their advantage.

As to the single working mom, she will see a bigger paycheck and receive a monthly government prebate, but at the end of the year, she will probably never understand why she seems so much further behind, according to Sayers.

## Fair/Continued from Page 1A

accounting costs to collect and pay all kinds of taxes. Those costs are built in (embedded) in every single step a product takes towards its final sale to the consumer.

As an example, the authors take a loaf of bread and follow it from the seed of wheat to the flour mill, the bakery, packaging, distribution and finally to the grocery store that sells you the loaf of bread.

"All of these elements make up a part of the cost of the consumer goods we buy... and they're all eventually paid by the end consumer," according to the authors.

The book's premise is that if we substitute a national sales tax for all other taxes, then companies relieved of that tax burden would roll prices back. (White says, "Sure, we believe that will happen.")

We could all keep 100 percent of our paycheck, and the government would only collect tax when we spend our money, according to the authors.

Does it sound too good to be true? But wait, there's more, according to White.

### Consequences

"Once you get into it, you see they haven't really thought it through," White says.

There's a reason the authors use a loaf of bread as their example. It is one of the very few consumer goods wholly produced within U.S. borders.

Since most of what we buy is imported (think of clothes, cars, bananas, almost everything else), we're not likely to see price rollbacks on those items.

The authors say that's a good thing. The benefit is that American goods will be more price-competitive.

The authors predict that the Fair Tax will usher in an era of unprecedented economic growth and opportunity, but the math gets a little fuzzy, according to White.

For instance, the Fair Tax book says corporations will take the money they save on taxes and re-invest it in growing their business. (Wait, didn't the book say they are supposed to take that money and rollback prices for us consumers?)

The authors claim that

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— Bob White

the Fair Tax will finally tax criminal income from illegal drugs and pornography.

When the criminals spend their money, the government collects sales tax on their illegal gains. (Wait, doesn't the book explain they already doing that with embedded taxes?)

The book says companies that now have corporate funds in tax-sheltered offshore accounts will bring that money home. (Wait, won't money go offshore when people travel to evade the national sales tax here?)

The book doesn't predict that, but White thinks it will be an obvious tactic by those who wish to avoid the sales tax.)

### Simplicity itself

The Heritage Foundation think tank that advises Washington policy makers says, "Complexity is a hidden tax amounting to more than \$100 billion. This is the cost of tax preparation, lawyers, accountants and other resources used to comply with the Internal Revenue Code."

The Fair Tax book claims the system is so fair and transparent that it will eliminate most forms of tax fraud.

White says tax fraud won't go away, it will just find different courses. It does seem like the lines are not as clear as Fair Taxers believe.

Take, for example, a builder who buys a bathtub under the Fair Tax system. Lowe's doesn't tax him, because only the end user (the new home buyer) pays tax. Meanwhile the builder's brother wants to upgrade his bathroom with a luxury tub. If Bubba buys it himself, he pays hundreds more in sales tax... guess what?

Yes, we will need auditors, and the fair and simple tax that was going to remove IRS agents from knowing your personal business now has them snooping in your bathroom.

What about services? All services will be subject to sales tax.

How will it affect small businesses?

People already hire illegal immigrants because they work cheaper.

When a landscaper has to add a national sales tax to his service, there's that much more incentive for someone to hire an illegal alien and pay cash instead.

Libertarian writer Claire Wolfe predicts a booming black market in goods and services.

Cash purchases will automatically be suspect and the government will push to make all purchases trackable through national ID cards, "The excuse will be to prevent the terrible crime of sales tax evasion."

### Economics 101

With elections looming, IRS-bashing plays well, as does the promise that eliminating income taxes "will make April 15 just another lovely spring day," according to the authors.

However, leading economists are not leaping to support the Fair Tax proposal.

Dr. Jorgenson, whose research was quoted in the book, says that a revised income tax, rather than shifting to a consumption tax, is "still the most fruitful direction for reform."

The fact is that the Fair Tax book admits it is not about tax reform at all. It is "revenue neutral," meaning that it is designed to give the government the same income it has now.

The authors claim that the beauty is that the Fair Tax is so transparent that legislators could not raise or conceal taxes, as they do now in complex tax codes.

What they do not say is that the simplest way for government to increase revenue with the Fair Tax in place would be to allow inflation to take hold and run wild.

If the feds get a percentage of every loaf of bread, they get twice as much when the loaf costs twice as much.

# U.S. Marshals nab Shaw in Louisiana

U.S. Marshals from the Beaumont office assisted the Jasper Narcotics Division with the arrest of Antonio Ladon Shaw.

Shaw was wanted out of Jasper for theft, possession of a controlled substance, possession of marijuana, failure to identify and evading arrest.

He is being held by fe-

eral authorities in Beaumont and currently has been denied bail.

Shaw was arrested July 6 in Vinton, LA. after the Jasper Police Department received information that Shaw was hiding in an apartment there.

Jasper detectives had been searching for Shaw since April 28 when he fled

from a traffic stop in Jasper. He was also wanted by the U.S. Marshals Service.

Police converged on the suspected hideout of Shaw July 6 and found him hiding in a closet. Officers also found several weapons in the apartment along with an undisclosed amount of suspected cocaine.

## Ratings/Continued from Page 1A

did very well in reading. Of 482 students tested, 424 or 88 percent met the state standard. There is also an 18-point jump in science. However, two sub-groups, the Economically Disadvantaged and African American populations, did not meet the state standard in math for the third year in a row. That may mean that the high school gets an unacceptable rating even though overall scores meet or exceed state standards.

In addition to working on getting those sub groups on target in math, the high school will also include more Advance Placement courses next year.

Jasper Junior High's scores are acceptable or exceed state standards but again, there is one subgroup that fell below the state standard.

Rowe Intermediate School, Gilford said, appears to be in good shape.

Saving the best for last, Gilford announced that Parnell will likely be designated a Recognized

Campus. These third and fourth graders scored high in reading, writing and math.

Gilford told the Board that planning has already begun to address those areas that are below standard.

The Board approved the following actions.

Superintendent Bill Dean and Carolyn Foster were approved to serve as investment officers.

The contract for bread products, the only food item that is bid locally, was awarded to Mrs. Baird's, based on the summary of costs submitted in closed bids.

The following new appointments were approved:

Joseph Baker, high school diploma, Introduction to Electronics Computer Maintenance at Jasper High School

Kathy Bass, A.S., Angelina College, Nurse at Rowe Intermediate School

Roy Harper, B.S., Texas College, math teacher at Jasper High School

Jodi Hindman, M.A.,

Stony Brook University, history teacher at Jasper Jr. High

Charles King, B.A., St. Martin's Olympia, sixth grade math teacher at Rowe Intermediate School

Christine Parker, M.Ed., Lamar University, sixth grade math teacher at Rowe Intermediate School

The Board heard two other administrative reports.

Betty Powers, head of the district's site base committee received a letter from TEA, approving the waiver for Bill Dean to serve as superintendent without going through the certification process. Dean is the district's former Director of Finance and Operations with many years of experience in that role.

Dean reported that the final contract has been signed between the City of Jasper and JISD so that the Department of Commerce \$800,000 grant to build the Jasper Vocational Training Center is assured. Meetings will be set up to work out the details.

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