



The Stouffer Report: Making Taxes Fair


Here are two words that may not seem like a natural fit to you: fair tax. However, after years of grassroots support for a real change to our tax codes, a move is underway in the General Assembly to repeal the existing tax code and replace it with something everybody can understand.

The idea of simplifying the tax code came out of the 1996 election, when [Steve Forbes](#) ran unsuccessfully for president. At the time, he pushed for a [flat tax](#), which got people talking about how to get government out of our pockets. Since then, others have talked about the idea of taxing those who pay for items, instead of taxing our income. This created the concept of a [fair tax](#), where you only pay if you buy or use something.

[House Bill 814](#) is a move to replace the state individual income tax, corporate income tax and estate tax and replace them with a retail tax of 5.11 percent on all sales and services. This would eliminate exemptions, loopholes and tax credits. As the bill currently reads, you would then get a monthly sales tax rebate, based on how many people are in your family and federal poverty level guidelines to offset the sales tax on basic necessities. If House Bill 814 passes the Legislature and is then signed by the governor, the plan would go before voters in November.

Proponents of the fair tax say the benefits speak for themselves: elimination of tax collectors by simplifying the system; a more fair method of tax collection, rather than the thousands of pages of law currently on the books; and no more need for exemptions and loopholes, which also makes the process more fair.

Opponents of a fair tax say low-income Missourians

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would pay a higher percentage of their income in taxes than the wealthy; it would mean fewer dollars for education and health care; consumer spending would drop; hundreds of thousands of accountants, attorneys and others would lose their jobs; transitioning to such a plan would cost millions or billions; and [Social Security](#) would eventually have to be funded in a different way.

House Bill 814 has made it through committee. While it is starting to look like the bill may not be taken up on the House floor, the discussion does point to the growing concern folks have with the tax structure in this country. The federal tax code is thousands of pages thick and I bet no one has any idea what is contained in each and every one of those pages. Look at all of the "tea party" protests that have been held this year throughout Missouri and the country. Nearly everybody is fed up with taxes.

While I seriously doubt we will ever see the end of the [Internal Revenue Service](#), I do believe there is a groundswell movement to make some real changes to the way we pay taxes in this country. There are already seven states that have [no state income tax](#). And according to news accounts, these are the states that are doing better than most during this recession.

*Senator Stouffer serves the counties of Carroll,
Chariton, Cooper, Howard, Lafayette, Macon, Ray,
Saline, and a part of Clay.*

If you have questions or comments about this or any other issue, please call toll free (866) 768-3987 or by e-mail at bstouffer@senate.mo.gov.

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