

CHAKA FATTAH

2ND DISTRICT, PENNSYLVANIA

WASHINGTON OFFICE:

2301 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4001

DISTRICT OFFICES:

4104 WALNUT STREET
PHILADELPHIA, PA 19104
(215) 387-6404

6632 GERMANTOWN AVENUE
PHILADELPHIA, PA 19119
(215) 848-9386



COMMITTEES:

COMMITTEE ON APPROPRIATIONS

VA-HUD SUBCOMMITTEE

DISTRICT OF COLUMBIA SUBCOMMITTEE

RANKING MEMBER

Congress of the United States House of Representatives

THE TRANSFORM AMERICA TRANSACTION FEE of 2004

A SUMMARY

"[Our] tax system is too complicated; it also hurts our nation's competitiveness. If our companies can't compete we lose jobs here in America. [We] must start a discussion of how we create the best tax system possible to meet the needs of the people in the 21st century."

- Dennis Hastert, December 2003

In 1914, the idea of an income tax was implemented in America. On its 90th anniversary, the "simple" 16th amendment has become cumbersome and costly, not to mention inadequate for meeting the country's extensive interests. To combat the complicated tax code, I present a new legislative proposal that returns simplicity to the tax code and offers the potential for increased federal revenues. The bill, entitled "The Transform America Transaction Fee of 2004", is expected to vastly improve America's federal tax system, increase the competitiveness of America's economy, and encourage both domestic and international investment. Given the potential benefits of a transfer fee, further study of the concept is warranted.

"The Transform America Transaction Fee of 2004", directs the Department of the Treasury to examine a new way of generating federal government revenue through use of a transaction fee. Specifically, the legislation calls for a study on the feasibility of eliminating all federal taxes on income and profits, and replacing the federal tax code with the proposed transaction based system. Further, the proposal recognizes the importance of labor force development and supports local economies by investing additional revenue into urban and rural markets.

Highlights of the Bill-

- The transaction fee eliminates all federal taxes on income and profits. Unlike the current system, the transaction fee based system ensures that individuals receive 100% of earned wages and salaries, giving citizens total discretion on how and where to allocate monies.
- In addition to meeting current revenues, the transaction fee creates added revenue to invest in needed programs and activities that stimulate urban development, provide for basic healthcare, and spurs macroeconomic growth by eliminating of the national debt.
- By generating a higher level of government revenues, the transaction fee allows greater federal investment in public education, on both the K-12 and higher education levels.
- By eliminating all existing federal income taxes, the proposed transaction fee creates an opportunity to alleviate current tax burdens, by reducing compliance, auditing, administrative, and other filing costs.