

How to handle a listening session

Most Town Halls or listening sessions will have you fill out a sheet with your basic information and what you would like to talk to the Congressperson about. Simply write “Question about the FairTax” or just FairTax, but be short. Don’t dictate on your form what you want to ask him. This will allow you to follow up to previous questions. The first person should explain the FairTax in short concise terms. The most important thing to remember is that you may not change the Congressman’s mind but you will inform and educate a room full of mostly tax paying neighbors and hopefully gain more supporters for the FairTax.

1st Constituent (You): The FairTax Act (HR 25, S 296) is nonpartisan legislation. It abolishes all federal income and payroll taxes, gift, estate, capital gains, alternative minimum and self-employment taxes. It replaces them with one simple, visible, federal retail sales tax administered primarily by existing state sales tax authorities.

A pre-bate is built in to ensure no American pays federal taxes on spending up to the poverty level, it is revenue neutral, so it collects the same amount in taxes as we currently do, and, through companion legislation, the 16th Amendment is repealed.

It taxes only on what we choose to spend on new goods or services, not on what we earn. The FairTax is a fair, efficient, transparent, and intelligent solution to the frustration and inequity of our current tax system.

Then ask him to support the FairTax bill and become a cosponsor of the bill.

The Representatives response will dictate the question from the second person. There are some typical responses you will get from your congressman. The second person that talks should be prepared to answer the concerns from the response to the previous question and then pose a second question. They typically give you 2 minutes or so. If there are not very many people there, occasionally you can speak longer or quickly ask a follow up if you are on top of the material and bold. Remember, they are regular people too and they owe you the chance to redress your grievances. Be polite but firm and work as a team to inform as many people as you can in the room!!!

These are a couple of the typical responses, followed by how you should respond.

Congressperson: “I am concerned that it will be regressive and unfair to the poor.”

Constituent response: With respect to the FairTax and how it treats the poor, Under the FairTax Plan, poor people pay no Fairtax at all up to the poverty level! Every household receives a rebate that is equal to the FairTax paid on essential goods and services, and wage earners are no longer subject to the most regressive and burdensome tax of all, the payroll tax—which is over 15%. Those spending at twice the poverty level—about \$60,000 for a family of 4--pay a tax of only 11.5 percent -- a rate much lower than the income and payroll tax burden they bear today.

Even FairTax critics like William Gale, director of the economic studies program at the Brookings Institute agree that consumption taxes increase the size of the economy. Many studies show that long-term incomes would rise under a consumption-based tax system. Optimistic accounts show a 10 percent rise in income over time, but even opponents studies show gains of 5 percent to 7 percent. Because the FairTax will grow the economy,

workers will see increases in their income—giving them more money to live on. Do you have other concerns about the FairTax?

Congressperson: “I am concerned that a large underground economy would develop and we would have more tax cheats than we have now.”

Constituent response: If I could address your concerns with the underground economy and the FairTax, As long as we have taxes, people will cheat on them.

According to our own Government, the “Tax Gap” or taxes we know are owed and unpaid now amounts to over \$350 billion—about 16% of the total money collected. In addition the underground and illegal economies under the current tax system are estimated to be over \$1 trillion. When the FairTax Act is implemented, it would collect up to \$300 billion in tax revenue from the underground and illegal money when it is spent. The combination of the underground and illegal numbers alone dwarfs any estimate of the underground economy under the FairTax. It will be much harder to cheat in a FairTax world. It would require 2 parties, a purchaser and seller. Statistics indicate that 3.6% of all businesses in the U.S. do 85% of all the retail sales in the US. These retailers alone would give us a better collection rate than we have today and most of the other 96% of businesses are honest people and would collect the tax.

In addition we currently have 165 million—VERY COMPLICATED—tax returns to enforce. With the FairTax, that number would drop to about 40 million, plus it is already enforced on a state level with the current state sales tax authorities. Overall, it is a much easier number to monitor. Have we addressed your issues with cheating under the FairTax and do you have any other concerns?

Congressperson: “It is just not politically viable”

Constituent response: You are right--Great public policy changes do not happen easily but the FairTax is transformative. However, there currently are over 60 Members of Congress cosponsoring the legislation, there were 5 republicans and 1 democrat endorsing it in the last Presidential election. In just Indiana this spring there were 11 primary winners that endorse the FairTax, 9 republicans and 2 democrats. The bill was originally introduced by 4 Democrats and 4 Republicans in 2000 when there was still some sense of non-partisanship. Are there any other reasons why you would not be able to support a national retail sales tax?

Congressperson: “The rate is too high and still won’t collect enough revenue.”

Constituent response: The FairTax rate has once again recently been found to be revenue neutral in just the second year and collect more money in subsequent years. As far as the rate is concerned, the average working American pays an income tax rate of around 15% and when added to payroll taxes of 7.65%, it amounts to almost 23%. This is nearly the same as the FairTax rate and much higher after the pre-bate is factored in.