

August 8, 2011

U.S. House of Representatives  
Ways and Means Committee

Dear Chairman Camp, Ranking Member Levin and members of the Ways and Means Committee:

First, thank you for holding the hearing on Tax Reform and Consumption Based Tax Systems. I watched the entire hearing via the Ways and Means Committee video archive. I was very pleased to hear Chairman Camp say in his opening statements that, "...**most importantly** we will talk to the American people... families who are actually affected by the laws we pass.... **They are the real experts and their voices are critical** as we explore and develop tax reform policy."

I am one such family. I am one such expert. The laws you pass affect the born and unborn in **my family**. Thus I hereby request that you incorporate my comments into the hearing record and ask that you to give due consideration to my submission. I further request that the Committee approve, recommend, vote or otherwise advance the Fair Tax bill to the House floor for a full debate.

To give you a brief background, my name is Todd Sarmiento. I am a private citizen. I am not submitting this information on behalf of any organization. I am making this written submission for the official hearing record because I want my voice to be heard on this matter of incredible importance to my family's freedom and financial independence and security. I have a BS degree in Economics from Pfeiffer University and am a certified internal auditor with 20 years of audit experience in the private sector.

I listened to all of the witnesses that testified during the hearing. I believe the best tax system for me, my family, friends, neighbors, coworkers and fellow Americans is the Fair Tax.

The current tax system penalizes productivity and savings. **The Fair Tax encourages productivity, savings and frugality**, which is exactly what we need and should be encouraging in this country. This is entirely consistent with the spirit of the Constitution of the United States and the federal government's charge to promote the general welfare. Our federal, state, and local governments spend too much. Most Americans live beyond their means.

Living within our means and saving for a rainy day are principles that are critical to our nation's economic wellbeing. I am a prime example of this principle. I was laid-off in December 2008 and even though I immediately initiated an arduous job search it still took me 10 months to find a full time job. During this period, I had to pay my mortgage, property taxes, medical insurance premium, auto insurance premium, utilities, food and other expenses. Most notably, six months after I was laid off, my wife gave birth to a beautiful little boy. With this blessing also came additional medical bills. Due to my frugality, I paid all of my obligations in full and on time.

Aside from the sense of personal accomplishment that comes from being able to pay my bills, my frugality also contributed to America's economic wellbeing. I did not add another house to the foreclosed home inventory. I did not add another car to the repossessed vehicle inventory. I did not default on any credit card debt or medical bills. While the current recession is supposedly the worst in 70 years, I contend that without my fellow fiscally responsible Americans and me, we would be talking about a depression and not a recession.

To add some historical context to this principle of frugality, **Benjamin Franklin**, one of our great Founding Fathers and very successful by any definition, **attributed much of his success to frugality and wrote his autobiography in part to share this belief with his present and future Americans**. His message is of lasting importance and speaks to us today. The Fair Tax is consistent with this principle.

The Fair Tax sets a tax rate that is uniform throughout the United States. The current income tax system charges different rates to different groups of people and gives deductions and credits to others. Article I Section 8 of the Constitution states that taxes should be uniform throughout the United States. The current

income tax system is discriminatory and inconsistent with the Constitution. The Fair Tax is consistent with the Constitution.

The Fair Tax will broaden the tax base, thereby reducing the tax burden on any one American. It will enable the government to collect taxes from individuals who now avoid taxes by “working under the table” or make money from illegal activities, to the extent that these individuals purchase goods and services.

The Fair Tax is clear and simple. The current tax system is broken and incomprehensible. To echo the words of Thomas Jefferson, lawmakers purposely makes laws so complicated that they are not easily understood by the citizenry so as to fatigue them in their efforts to decipher them and increase citizens’ reliance on the lawmakers. The current tax code is a perfect example. It is ~70,000 pages and the cost of compliance is ~\$500 billion annually. This ensures power is concentrated in the hands of the lawmakers.

Converting from the current income tax system to the Fair Tax would result in the largest transfer of power in my lifetime, from the federal government and its lawmakers back to the American people. No more tax loopholes for large campaign contributors. No more hidden taxes on unsuspecting or uninformed Americans.

As Congressman Herger made clear during the hearing, a tax system that hides the tax rate is not in the interest of the people. The Fair Tax encourages transparency in the tax rate. This will make it clear to all Americans how much it costs to run our government. This improved visibility, awareness and understanding will enable us to better assess the costs and benefits of our federal spending programs. It will dispel the notion that some Americans hold that they are getting something for nothing and this will change the nature of the debate when new federal spending programs or increases in existing programs are proposed. I contend that it will result in fewer increases in spending and over time will force the federal government to live closer to its means.

The “prebate” provision of the Fair Tax ensures that those who live at or below the poverty level are not unduly burdened by the tax.

I believe the Fair Tax will enable the government to collect taxes more efficiently, will practically eliminate the IRS and will not result in a higher rate of tax evasion as compared to the current tax system.

I would like to include one point of note related to the conduct of certain members of the Committee. As representatives of the people, it is your sworn duty to represent us and uphold the Constitution. In this regard, I was disappointed by and lost respect for a number of Committee members who clearly were unwilling to consider the pros and cons of the Fair Tax in good faith. The Fair Tax is not a ridiculous idea as one member stated. It was apparent that certain members had already made up their minds and used their time to state their beliefs and further their agenda rather than inquire of the witnesses to try to further their understanding of the alternative tax systems being presented. They are clearly interested in preserving the status quo and preserving their power. This is unacceptable.

In closing, I urge all members of the Committee to support the Fair Tax and advance this bill to the House floor for a full debate in this session of Congress. The Fair Tax will help put our economy on a course for prosperity and growth. It will put Americans back to work. It will put money in their pockets and money earned will put pride and confidence in our people. Proud, confident and self-reliant Americans can overcome any difficulty and will be a force for good across this great land and around the world.

I am a proud American. I love this great country and firmly believe that the Fair Tax will fix more than just America’s broken tax system.

God Bless You and God Bless America!

Sincerely,  
Todd Sarmiento