

To: Print and TV News Media, Talk Show Hosts and Producers

Contact: Tom Wright, Executive Director or Genie Hayes, Communications Director, 1-800-FAIRTAX, both of FairTax.org

Date: April 12, 2005

Economists nationwide sign a letter endorsing the FairTax Bill – HR 25 and S 25 – legislation to completely replace the income tax with a progressive national sales tax.

Houston, TX – Over 76 economists nationwide endorsed the FairTax in a letter delivered to the House, Senate, Treasury, tax reform panel and the President today. Tom Wright Executive Director of FairTax.org stated “Nearly seven months ago an idea was born in the mind of a FairTax supporter who is an economics professor at the University of Virginia. He wanted to see more economists publicly endorse the FairTax legislation. That idea became a project that has finally come to fruition. Over 76 economists, one of whom is a Nobel Prize winner, have now endorsed, specifically, the FairTax HR 25 and S 25, in writing. We are thrilled to see the \$22 million in research we have done made even more credible by the endorsement of our legislation by current economists nationwide from diverse backgrounds. This economist endorsement letter was delivered to the doorsteps of every single tax aide on the House and Senate side this week. We also made sure the President, his tax panel and Treasury Secretary Snow had a copy. This letter further evidences the fact that Americans realize the inefficiencies of the current system and see the FairTax, HR 25 and S 25 as the proper replacement.”

David L. Kendall, Ph.D., Professor of Economics and Finance from the University of Virginia-Wise stated "I support the FairTax---and I asked other economists to join me with their support---for a very simple reason; the FairTax offers Americans substantial and very real advantages over the income tax system we have now. Our federal income tax system is inefficient, far too costly, and simply not the best way to pay for government. I think all Americans are dismayed, outraged, and disgusted that our federal tax code contains millions of eye-glazing words spread across more than 60,000 pages. We all know it's a disgrace, and we all know it must be changed. Like most economists, I know that our income tax system slows economic growth, discourages work, and encourages current consumption over saving---saving that is needed to spur economic growth which creates more jobs. Most economists agree that a consumption tax is less

costly and more efficient than an income tax. Simply put, that's why I support the FairTax, and that's why other economists endorsed my letter."

Tom Wright added, "The income and Social Security tax systems are bankrupt. And their replacement is not only possible but viable, historically proven, and accepted and even endorsed by economists nationwide. The FairTax offers long-needed simplicity, efficiency, and fairness to all Americans by eliminating the income and payroll taxes. FairTax.org with a membership and supporter base of over 600,000 strong is dominating the tax reform battle with thousands of American taxpayer's voices demanding relief."

Dr. Laurence Kotlikoff, chair of the economics department at Boston University, and co-author of "The Coming Generational Storm, has stated, "Our tax code is a mess for a reason. Special interests pay for special favors. And with thousands of pages and counting, there are plenty of places for our politicians to hide the kickbacks. Meanwhile, all the exemptions, deductions, exceptions and special provisions reduce the tax base, which means higher tax rates and smaller incentives for individuals and companies to produce income. And whether the tax breaks are set in fine print or spelled out in bold type, they generally favor the rich, making our tax system less progressive than is generally believed. No tax system is perfect, but ours is so awful that fundamental reform is the only option. Fundamental reform is not just a necessity; it's also an opportunity to stop taxing income and start taxing consumption. My colleagues and I have been studying income and consumption taxation via computer simulations for some time now. We've found that switching from taxing wage and capital income to taxing consumption can significantly improve economic efficiency and growth. What's more, it can make our tax system much more progressive and generationally equitable. Fundamental tax reform is long overdue. Consumption taxation is the way to go."

Tom Wright thanked the volunteers who organized the effort to inform economists and asked for their input on the FairTax legislation by stating, "FairTax .org is a grassroots organization. Nearly 50,000 active volunteers across the country are rallying behind the FairTax bill for various reasons. We thank Dr. Kendall and his efforts on behalf of the FairTax legislation and the economic principles it encompasses. HR 25/S 25 is the answer for our income and payroll tax burden. It is open, accountable, simple to understand, and fair to all Americans," concluded Mr. Wright. "No loopholes, no exceptions, and no American pays any federal taxes – hidden or obvious – up to poverty level consumption." This letter is a historic milestone for the FairTax

concept. It coincides nicely with Federal Reserve Chairman Greenspan's comments and the good words by esteemed economist Milton Friedman when testifying before the President's tax reform panel in favor of consumption taxation. We believe after more than a decade of work, over \$22 million dollars and hundreds of thousands of volunteer actions, our time is coming and the American people are fast becoming ready for the full tax replacement alternative – the FairTax.”

Please view the letter in it's entirety at <insert link> or you may request a copy of the letter by fax or email by calling Gloria Garza at 1-800-FAIRTAX #106 or e-mailing gloria@fairtax.org.

What is the FairTax plan?

The FairTax plan is a comprehensive proposal that replaces all federal income and payroll taxes with an integrated approach including a progressive national retail sales tax, a rebate to ensure no American pays federal taxes up to the poverty level, dollar-for-dollar revenue neutrality, and the repeal of the 16th Amendment. This non-partisan legislation (HR 25/S 25) abolishes all federal personal, gift, estate, capital gains, alternative minimum, Social Security, Medicare, self-employment, and corporate taxes and replaces them all with one simple, visible, federal retail sales tax – collected by existing state sales tax authorities. The FairTax taxes us only on what we choose to spend, not on what we earn. It does not raise any more or less revenue; it is designed to be revenue neutral. So it is also cost neutral – the final cost for goods and services changes little under the FairTax. The FairTax is a fair, efficient, transparent, and intelligent solution to the frustration and inequity of our current tax system.

What is Americans For Fair Taxation (FairTax.org)?

FairTax.org is a non-profit, non-partisan, grassroots organization dedicated to replacing the current tax system. The organization has hundreds of thousands of members and volunteers nationwide. Its plan supports sound economic research, education of citizens and community leaders, and grassroots mobilization efforts. For more information visit the web page: www.fairtax.org or call 1-800-FAIRTAX.

- 30 -

To schedule an interview with one of our spokespersons, call Gloria Garza at 1-800-FAIRTAX, extension 106 or Genie Hayes at 1-800-FAIRTAX, extension 137. For more information on the FairTax, please visit www.fairtax.org.

To be removed from this list please call 1-800-FairTax (324-7829), fax 713-963-8403, or e-mail Gloria@fairtax.org.