

An Open Letter to the President, the Congress, the Treasury, the tax panel and the American people:

Re: For the benefit of our State and local economies, we urge giving the FairTax Plan thorough, unbiased study.

As a current or past Statewide elected official, I ask that you consider the extensive academic and market research done by FairTax.org on replacing the costly, complex, and economically inefficient federal income and payroll tax systems with a progressive national retail sales tax, such as the tax offered in H.R. 25 and S. 25 – which are also known as the FairTax. The bills have been introduced in the 109th Congress and are now co-sponsored by more than 36 members of Congress.

Some of the reasons we ask you to study this strategy include, but are not limited to:

- The rising popularity of the idea with American taxpayers
- The endorsements by distinguished economists nationwide
- The major role states would play in collecting federal taxes
- The associated possible economic benefits to individual states Fair Tax brings
- The anticipated increase in GDP (over 10 percent in the first year of enactment)
- The benefits of harmonizing state taxation systems to the federal FairTax plan

We are calling for a fair and thorough examination of the FairTax strategy, which includes revenue neutrality (collecting as much federal tax revenue as the current income tax code, including payroll withholding taxes); repealing the 16<sup>th</sup> Amendment; and taxing all new goods and services when sold at retail to the final end-user. Our nation's current income tax distorts personal and businesses decisions in ways that limit growth in productivity. The federal income tax also discourages saving and investment, which dramatically reduces the national and state economy's potential for growth and job creation. Our state's sales taxes, when not taxing services, ensure that state revenue growth does not keep pace with economic growth, due to the importance of services to our economies.

Therefore, we the undersigned current and former governors and Lt. governors, state representatives and senators, commend the ongoing initiative to reform or replace the federal tax code. We urge the President, the Congress, the Treasury, and the tax panel to work together in good faith to thoroughly investigate and explore the FairTax Plan as a true viable alternative.

Sincerely,