

Calendar Year 2000 and Estimated 2001 FairTax Revenue Neutral Tax Rate Calculation

Tax Base Analysis

Description of Taxable Item	FairTax Base	FairTax Base	Comments
	2000	(Estimated) 2001	
1 Personal Consumption Expenditures	\$ 6,728.4	\$7,064.5	NIPA Table 1.1, line 2
2 Purchases of New Single-Family Homes	\$ 220.7	\$231.7	NIPA Table 5.6, line 30
3 Purchases of New Mobile Homes	\$ 10.9	\$11.4	NIPA Table 5.6, line 32
4 Improvements to Single-Family Homes	\$ 102.4	\$107.5	NIPA Table 5.6, line 33
5 Less: Imputed Rent on Owner-Occupied Housing	\$ (702.7)	-\$737.8	NIPA Table 2.4, line 24
6 Less: Imputed Rent on Farm Housing	\$ (7.7)	-\$8.1	NIPA Table 2.4 line 26
7 Additional Financial Intermediation Services	\$ 72.0	\$75.6	Financial & Risk Intermediation greater than NIPA definition One half of NIPA Table 2.4, line 110
8 Foreign Travel by U.S. Residents	\$ (40.4)	-\$42.4	NIPA Table 2.4, line 111
9 Less: Expenditures Abroad by U.S. Residents	\$ (3.3)	-\$3.5	NIPA Table 2.4, line 111
10 Less: Food Produced and Consumed on Farms	\$ (0.5)	-\$0.5	NIPA Table 2.4, line 6
11 State and Local Government Consumption	\$ 929.0	\$984.2	NIPA Table 3.7, line 28
12 Gross Purchases of New Structures	\$ 165.0	\$183.1	NIPA Table 3.7, line 36
13 Gross Purchases of Equipment	\$ 56.8	\$56.5	NIPA Table 3.7, line 37
14 Federal Government Consumption	\$ 493.7	\$514.1	NIPA Table 3.7, lines 4 & 15
15 Gross Purchases of New Structures	\$ 16.1	\$16.6	NIPA Table 3.7, lines 12 & 25
16 Gross Purchases of Equipment	\$ 80.4	\$84.9	NIPA Table 3.7, lines 13 & 26
17 Less: State and Local Government Sales Taxes	\$ (225.6)	-\$236.9	NIPA Table 3.5, lines 19 & 27
18 Less: State and Local Excise Taxes (Retail)	\$ (18.2)	-\$19.1	NIPA Table 3.5, lines 23 & 28
19 Less: Education Expenditures	\$ (159.9)	-\$167.9	NIPA Table 2.4, line 104
20 Expenditures in U.S. by Non-residents	\$ 97.9	\$102.8	NIPA Table 2.4, line 112
21 Travel to U.S. by Non-residents	\$ 47.1	\$47.1	One half, SAOUS 2001 Table 450, OTTI Web Site
22 NRST Base	\$7,862.1	\$8,264.0	
Revenues to be Replaced			
23 Income Tax	\$ 1,195.2	\$ 1,146.7	Table B-81 ERP
24 Estate & Gift Tax	\$ 28.9	\$ 28.2	Table B-81 ERP
25 Payroll Taxes	\$ 663.1	\$ 697.5	Table B-81 ERP
26 Excise Taxes	n.a.	n.a.	
27 Total	\$ 1,887.2	\$1,872.4	
Revenue Neutral Rate Calculation			
28 Tax Exclusive Rate (No Rebate)	24.0%	22.7%	
29 Tax Inclusive Rate (No Rebate)	19.4%	18.5%	
30 Base Reduction Equivalent for Rebate	\$ 1,781.7	\$1,781.7	104 million rebate units
31 Net Tax Base	\$6,080.5	\$6,482.3	
32 Tax Exclusive Rate (With Rebate)	31.0%	28.9%	
33 Tax Inclusive Rate (With Rebate)	23.7%	22.4%	

Note: Italics indicates an estimate.

Note: Per SOI Bulletin, Winter 2001-2002, preliminary estimates for 2000 (in \$ billions), adjusted gross income (\$6,331), individual taxable income (\$4,519) and corporate income subject to tax (\$694)

Note: Per May, 2002, Survey of Current Business, in 2001 GDP (in \$ billions) was \$10,208, national income was \$8,217.5 and person income was \$8,723.5.