

HR D2 0001

111th CONGRESS

2nd Session

H.R. D2 0001

To restore freedom and prosperity to all American citizens, and;

To provide a fair, efficient and less intrusive method for levying and collecting taxes to fund government, and;

To classify and reorganize the committees and subcommittees of Congress to prohibit the members from adding earmarks and amendments to non-related legislation, and;

To reduce the size and scope of the Federal government, and;

To repeal all laws that have taken economic freedom from the American people, and;

To shift the balance of power from Washington, D.C. back to the States and to the People, as the Founding Fathers intended.

IN THE HOUSE OF REPRESENTATIVES

[MONTH DAY, YEAR]

Mr./Ms. [LAST NAME] introduced the following bill, which was referred to the House Committee on Ways and Means, Committee on Rules, and other appropriate committees for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

[MONTH DAY, YEAR]

Additional sponsors: Mr./Ms. [LASTNAME], Mr./Ms. [LASTNAME], Mr./Ms. [LASTNAME] and Mr./Ms. [LASTNAME].

[MONTH DAY, YEAR]

Reported from the Committee on Ways and Means, Committee on Rules and other appropriate committees.

[MONTH DAY, YEAR]

Committee on Ways and Means, Committee on Rules and other appropriate committees discharged, committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To restore freedom and prosperity to all American citizens, and;

To provide a more efficient, less intrusive method for levying and collecting taxes to fund government, and;

To classify and reorganize the committees and subcommittees of Congress to prohibit the members from adding earmarks and amendments to non-related legislation, and;

To reduce the size and scope of the Federal government, and;

To repeal all laws that have taken economic freedom from the American people, and;

To shift the balance of power from Washington, D.C. back to the States and to the People, as the Founding Fathers intended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF DIVISIONS, TITLES, AND SUBTITLES.

(a) Short Title – This Act may be cited as the “**Economic Freedom Act**”.

(b) Table of Divisions, Titles, Subtitles – This Act is divided into divisions, titles and subtitles as follows:

DIVISION A – INTRODUCE LEGISLATION

Title I – Economic Freedom Act

Subtitle A – Overview

Subtitle B – “Vote With Your Dollars”

DIVISION B – CLASSIFY AND REORGANIZE CONGRESSIONAL COMMITTEES AND SUBCOMMITTEES

Title I – Overview

Subtitle A – Description

DIVISION C – REDUCE THE SIZE AND SCOPE OF THE FEDERAL GOVERNMENT

Title I – Overview

Subtitle A – Steps to Reduce Government Spending

DIVISION D – REPEAL LAWS

Title I – Overview

Subtitle A – Listing of Laws to be Repealed

DIVISION E – EXEMPTIONS

Title I – Overview

Subtitle A – Listing of Exemptions

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**DIVISION A – INTRODUCE LEGISLATION**

**Title I – Economic Freedom Act**

**Subtitle A – Overview**

This Act is based on the fact that no person is truly free if they are not in control of 100% of their money. Furthermore, no American is economically free if 30% to 50% of their earnings are confiscated by the federal government before they have a chance to pay their mortgage or rent; feed, clothe and provide the necessities of life for themselves and their families; educate themselves; pay for health insurance and healthcare; save and invest for their future; capitalize their local financial institutions; and participate in the well-being of their local communities, the states and the nation.

The Economic Freedom Act is a powerful piece of legislation that:

- restores economic freedom to **all** American citizens by allowing them to keep 100% of their earnings, approximately \$2,000,000,000,000 (\$2 Trillion), to spend, save, invest or give away as they choose, in accordance with the principles of the free enterprise system, and;
- shifts the balance of power from Washington, D.C. back to the States and to the People, in accordance with the U.S. Constitution and the original intent of the Founding Fathers, and;
- stimulates the state and local economies immediately upon passage, providing an infusion of capital to banks and businesses, and increased tax revenue for all levels of government, and;
- reduces government spending by eliminating all Federal programs that fail to meet their stated objectives as measured by the “Program Assessment Rating Tool (PART)”, administered by the Office of Management and Budget, and;
- reduces government spending by eliminating all Federal programs created and funded in violation of Article I, Sections 8 and 9 of the Constitution, and;
- introduces “**Vote With Your Dollars**”, a 21<sup>st</sup> century tax collection system based on the principle that the only fair tax is one that everybody pays, and;
- classifies and reorganizes all Congressional committees and subcommittees to conform to the structure of the “**Vote With Your Dollars**” tax collection system, resulting in strict control over Congress’ ability to add amendments and earmarks to non-related legislation.

#### **Subtitle B – “Vote With Your Dollars”**

**Section 100** – Eliminate the General Fund, the single tax revenue account from which tax revenues are appropriated to pay for the programs administered by the Federal government, and;

**Section 101** – End the requirement that American citizens file income tax returns; disclose personal information to the Federal government; spend time, money and energy to keep and store records and receipts; pay money to attorneys and tax preparers; and spend countless hours studying and attempting to comply with the current, complex and unfair income tax laws, and;

**Section 102** – Establish a national sales tax collection system based on the principle that the only fair tax is one that everybody pays, and;

**Section 103** – Authorize a single national sales tax rate to be applied to the purchase of certain taxable goods, and;

**Section 104** – Direct Congress to specify which goods are taxable. Any good not specified in the law as taxable shall not be taxable, and;

**Section 105** – Authorize the establishment of four **Tax Revenue Accounts** for receiving sales tax funds, as follows:

| <b>A</b>                 | <b>B</b>                     | <b>C</b>                       | <b>D</b>                         |
|--------------------------|------------------------------|--------------------------------|----------------------------------|
| <b>National Security</b> | <b>Business and Commerce</b> | <b>Health &amp; Well Being</b> | <b>Government Administration</b> |

**Section 106** – By default, each Tax Revenue Account receives **25%** of the sales tax funds, and;

| <b>A</b>                 | <b>B</b>                     | <b>C</b>                       | <b>D</b>                         |
|--------------------------|------------------------------|--------------------------------|----------------------------------|
| <b>National Security</b> | <b>Business and Commerce</b> | <b>Health &amp; Well Being</b> | <b>Government Administration</b> |
| <b>25%</b>               | <b>25%</b>                   | <b>25%</b>                     | <b>25%</b>                       |

**Section 107** – Create **Spending Categories** and associate them with the appropriate Tax Revenue Account, and;

**Tax Revenue Accounts**

| <b>A</b>                 | <b>B</b>                     | <b>C</b>                       | <b>D</b>                         |
|--------------------------|------------------------------|--------------------------------|----------------------------------|
| <b>National Security</b> | <b>Business and Commerce</b> | <b>Health &amp; Well Being</b> | <b>Government Administration</b> |

| A                          |                              | B  |                                       | C  |                                              | D  |                    |
|----------------------------|------------------------------|----|---------------------------------------|----|----------------------------------------------|----|--------------------|
| <b>Spending Categories</b> |                              |    |                                       |    |                                              |    |                    |
| A1                         | All Branches of the Military | B1 | Regional and Community Development    | C1 | Care for Children, the Elderly, and the Poor | D1 | Executive Branch   |
| A2                         | Law Enforcement              | B2 | Transportation                        | C2 | Veterans Care                                | D2 | Legislative Branch |
| A3                         | Foreign Affairs              | B3 | Housing                               | C3 | Disaster Relief                              | D3 | Judicial Branch    |
| A4                         | Immigration                  | B4 | Agriculture                           |    |                                              |    |                    |
| A5                         | Border Security              | B5 | Energy                                |    |                                              |    |                    |
| A6                         | Science and Space            | B6 | Technology                            |    |                                              |    |                    |
|                            |                              | B7 | Natural Resources and the Environment |    |                                              |    |                    |

**Section 108** – Establish a voluntary, opt-in tax collection method, called “**Vote With Your Dollars**”, that allows consumers to designate into which Tax Revenue Account(s) their national sales tax dollars are to be placed, and in what proportion, as shown in the following example:

| A                        | B                            | C                              | D                                |
|--------------------------|------------------------------|--------------------------------|----------------------------------|
| <b>National Security</b> | <b>Business and Commerce</b> | <b>Health &amp; Well Being</b> | <b>Government Administration</b> |
| <b>40%</b>               | <b>20%</b>                   | <b>30%</b>                     | <b>10%</b>                       |

**Section 109** – Establish an electronic, encrypted, password-protected, method for consumers to designate their sales tax allocation preferences in their financial institution’s or retailer’s online credit, debit or convenience card application and electronically encode that information into their credit, debit or convenience card, and;

**Section 110** – Establish a manual method for consumers to designate their sales tax allocation preference in their credit, debit or convenience card application, at their financial institution’s or retailer’s physical location, and electronically encode that information into their credit, debit or convenience card, and;

**Section 111** – Establish an electronic method by which a retailer’s point-of-sale terminal applies the appropriate national sales tax percentage to at least one taxable item, resulting in a number representing Gross National Sales Tax Due, and;

**Section 112** – Establish an electronic method by which a retailer’s point-of-sale terminal reads the consumer’s tax allocation preferences from the card and applies those preferences to the Gross National Sales Tax Due, resulting in four numbers, corresponding to the four Tax Revenue Accounts described in Section 105, each representing Allocated Gross National Sales Tax Due, and;

**Section 113** – Establish a manual method for consumers to designate their sales tax allocation preference when they pay cash to a merchant for the purchase of taxable goods, and;

**Section 114** – Establish a manual, as well as an electronic, encrypted, password-protected method by which consumers may change their tax allocation preference, and;

**Section 115** – Establish the frequency with which consumers may change their tax allocation preference, and;

**Section 116** – Establish a requirement that financial institutions and retailers communicate to the consumer when changes are made to the consumer’s tax preference data, including, but not limited to, verification of authorized changes, as well as disclosure of unauthorized changes, and;

**Section 117** – Establish a requirement that the financial institutions and retailers provide and maintain secure, electronic storage of the tax preference data, and provide sufficient controls to prevent unauthorized access and changes to the tax preference data, and;

**Section 118** – Establish an encrypted, secure, electronic method by which the consumer’s tax preferences are communicated from the financial institution’s or retailer’s tax preference database to the merchant’s electronic terminals, during the purchase authorization process, and;

**Section 119** – Enter into agreements with States to establish or strengthen tax collection agencies to collect the national sales tax from retail establishments on behalf of the federal government, for a fee. It shall be the purpose of each tax collection agency to establish sufficient audit policies and procedures to ensure that the national sales tax is calculated at the correct percentage, applied to taxable items only, and that the Allocated Gross National Sales Tax revenues are being transferred to the U.S. Treasury on the date and at the time prescribed by law, and;

**Section 120** – Establish a manual, and an encrypted, secure, electronic method for the States to remit the Allocated Gross National Sales Tax receipts into the four Tax Revenue Accounts, maintained by the United States Department of the Treasury, in accordance with the tax preferences of the consumers, and;

**Section 121** – Establish the frequency requirements for merchants to remit Allocated Gross National Sales Tax receipts to the United States Department of the Treasury, and;

**Section 122** – Establish appropriate penalties against States who fail to remit Allocated Gross National Sales Tax receipts to the United States Department of the Treasury, and;

**Section 123** – Establish a secure method, with sufficient internal controls, to prevent unauthorized access and transfer of funds from one Tax Revenue Account to another, by the United States Department of the Treasury.

## **DIVISION B – CLASSIFY AND REORGANIZE CONGRESSIONAL COMMITTEES AND SUBCOMMITTEES**

### **Title I – Overview**

History teaches us that Congress, by attaching earmarks and amendments to legislation, is unwilling to restrain itself when it comes to spending taxpayer dollars. This Act classifies all Congressional committees and subcommittees to conform to the Spending Categories described in **Section 107**. In addition, it installs a series of internal accounting controls designed to prohibit Congress from attaching earmarks and amendments to non-related legislation.

### **Subtitle A – Description**

**Section 200** – Classify all Congressional committees and subcommittees, based on their function, to correspond with the spending categories described in Section 107 (See **Exhibit A**), and;

**Section 201** – Establish a 21<sup>st</sup> century naming convention for legislation to include an abbreviation of the originating house of Congress, the Spending Category from which funds are to be appropriated, and the Bill Number (Example: **HR D2 0001**), and;

**Section 202** – Prohibit any member of Congress, or any Congressional committee or subcommittee member, from proposing or appropriating funds for a bill that is not associated with its designated spending category, and;

**Section 203** – Prohibit any member of Congress, or any Congressional committee or subcommittee member, from earmarking, or attaching amendments to bills not associated with its designated spending category, and;

**Section 204** – Prohibit any member of Congress, or any Congressional committee or subcommittee member, from appropriating funds from one spending category to fund programs associated with another spending category.

## **DIVISION C – REDUCE THE SIZE AND SCOPE OF THE FEDERAL GOVERNMENT**

### **Title I – Overview**

#### OMB's Program Assessment Rating Tool (PART)

According to the Office of Management and Budget (OMB) website, in 2008, the federal government administered 985 programs at an annual cost to the American taxpayers of approximately \$2,710,000,000,000 (\$2.7 Trillion). OMB assesses the performance of these programs through the use of the Program Assessment Rating Tool (PART).

*The website states: “The Program Assessment Rating Tool (PART) was developed to assess and improve program performance so that the Federal government can achieve better results. A PART review helps identify a program’s strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. The PART therefore looks at all factors that affect and reflect program performance including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results. Because the PART includes a consistent series of analytical questions, it allows programs to show improvements over time, and allows comparisons between similar programs.”*

Analysis of the 2008 OMB budget data revealed that 467 programs (48%) failed to achieve their objectives, resulting in \$771,129,000,000 (\$771.1 Billion) in wasted taxpayer dollars.

## **The U.S. Constitution**

In the 1700s, it was the vision of the Founding Fathers to create a new country whose sovereign citizens lived in freedom, with the unalienable rights of Life, Liberty and the Pursuit of Happiness granted by God, not by government. Forming the basis of that creation was their understanding that government will always seek to expand its power, unless restrained, so they inserted Article I Section 8 into the Constitution. Section 8 lists, or enumerates, the eighteen specific powers granted to Congress. Likewise, Article I Section 9 lists the specific powers forbidden to Congress. If Congress attempts to pass a bill that violates either of these sections, then that bill is unconstitutional, and cannot become law.

### **Subtitle A – Steps to Reduce Government Spending**

**Section 300** - Eliminate all Federal programs that fail to meet their stated objectives as measured by the “Program Assessment Rating Tool” (PART), administered by the Office of Management and Budget (See **Exhibit B**), and;

**Section 301** - Eliminate all Federal programs created and funded in violation of Article I, Sections 8 and 9 of the U.S. Constitution.

## **DIVISION D – REPEAL LAWS**

### **Title I – Overview**

For more than 100 years, the American people have suffered under economic slavery due to legislation passed by Congress, signed by the President and enacted into laws that were designed to rob us of our economic freedom. The Economic Freedom Act repeals those laws, restoring our freedom and ushering in an era of unprecedented prosperity for all American citizens for generations to come.

To ensure that our freedoms are never taken from us again, this Act also calls for a Constitutional Convention for the express purpose of repealing the 16<sup>th</sup> Amendment to the U.S. Constitution. (See **Section 410**)

### **Subtitle A – Listing of Laws to Be Repealed**

**Section 400** - Repeal the Corporate Tax Act of 1909, and all amendments thereto, relating to the assessment and collection of Federal income taxes on businesses, and;

**Section 401** - Repeal the Income Tax Act of 1913, and all amendments thereto, relating to the assessment, withholding, and collection of Federal income taxes on individuals, and;

**Section 402** - Repeal the Federal Reserve Act of 1913 and all amendments thereto, and;

**Section 403** - Repeal the Social Security Act of 1935 and all amendments thereto, and;

**Section 404** - Repeal the Social Security Act of 1965 (Medicare) and all amendments thereto, and;

**Section 405** - Repeal the Social Security Act of 1965 (Medicaid) and all amendments thereto, and;

**Section 406** - Repeal the Capital Gains Tax and all amendments thereto, and;

**Section 407** - Repeal the Estate Tax and all amendments thereto, and;

**Section 408** - Repeal the Gift Tax and all amendments thereto, and;

**Section 409** - Repeal all remaining federal taxes based on income, and;

**Section 410** - Call a Constitutional Convention for the express purpose of repealing the 16<sup>th</sup> Amendment to the U.S. Constitution.

- **Fifteen Words To Freedom**

- “The sixteenth article of amendment to the Constitution of the United States is hereby repealed.”

## **DIVISION E – EXEMPTIONS**

### **Title I – Overview**

In recognition of their contribution to the defense of our nation, and in recognition of their long-term contribution to the American economy, the following exemptions are granted:

#### **Subtitle A – Listing of Exemptions**

**Section 500** - Provide an exemption from the national sales tax for active duty military service members, and their spouses and children, and;

**Section 501** - Provide an exemption from the national sales tax for all persons who are at least 70 years of age.

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This Act was written by:

Bob McNeil
August 22, 2008

Revised: July 17, 2010

Note: There are two exhibits associated with the Economic Freedom Act:

Exhibit A – Congressional Committee Reclassification

Exhibit B – 467 Failing Federal Programs

Download from the “Important Documents” section at: www.AmericanCitizenParty.us