

If Your Taxes Were Reduced, How Would You Use the Money?

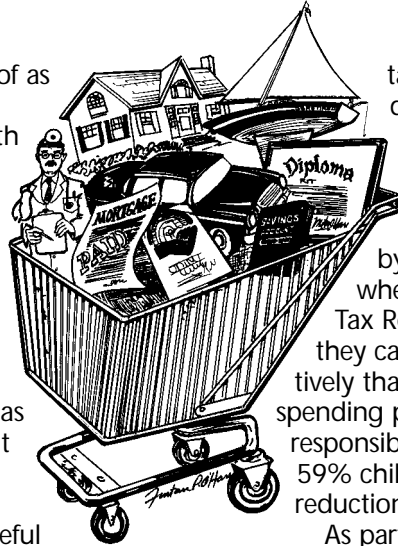
If you received a tax credit of as much as a thousand dollars a month, what would you do with the money? Would you buy a new car, save for retirement, start a college fund for your child, put a down payment on your dream house, or simply use the cash to make it easier to make ends meet?

The Institute for SocioEconomic Studies (ISES) has developed a bold new plan that would effectively become the biggest tax cut in history. The proposal would dismantle wasteful and inefficient social and corporate welfare programs and return the money to the people in the form of a National Tax Rebate.

THE NATIONAL TAX REBATE COULD BE USED TO SATISFY IMMEDIATE NEEDS OR SERVE AS A FOUNDATION FOR MEETING LONG-TERM GOALS.

This plan would make available more than \$720 billion of additional income, enough to give each adult \$4,000 a year and each child \$2,000 as a refundable tax credit. A typical family of four could receive a credit of \$1,000 a month—up to \$12,000 of additional income—with no strings attached.

While the National Tax Rebate would be distributed on a uniform basis as a refundable tax credit, possibilities for its use are as varied as the hopes, dreams and aspirations of each individual or family. It would significantly offset



taxes owed, resulting in more disposable income, which could be used to satisfy immediate needs or serve as a foundation for meeting long-term goals.

In a 1998 study conducted by ISES, respondents were overwhelmingly in favor of a National Tax Rebate. They strongly believe that they can spend the money more effectively than government does. And their spending priorities were extraordinarily responsible—67% listed education, 59% childcare, 38% housing, 34% debt reduction, 25% health care, and so on.

As part of that study, the Institute also selected three families to receive demonstration tax rebates of \$1,000 per month for 20 years. One family used the rebate to purchase their first home; another adjusted their work schedules to spend more time with their children; while the third, a farming family, paid off some loans and are saving for their children's college education. Continuing reports on these demonstration tax rebates are on our website.

Each of us deserves the right to spend our hard-earned dollars as we see fit. For too many years, decisions made by government bureaucracies have proven a poor substitute. It is time to stop funding these "one-size-fits-all" programs and return the power of economic choice to the American people.

The National Tax Rebate is an idea whose time has come. Every one of us should have a real chance to share in the American dream of a better life. The National Tax Rebate can provide that opportunity.

The National Tax Rebate: an idea whose time has come.

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The Institute for SocioEconomic Studies is a private operating foundation that examines issues relating to economic development, poverty, health care reform, and the quality of life.