

Samuel H. Himes 9377

Gentlemen:

~~Goodbye~~
~~Box for~~
~~Control, CA~~

2247

Thanks

~~late news at 7~~
~~7:00~~
~~7pm~~
~~W.H. Travel office~~

Copy

June 9, 1993

Senator Byron Dorgan, ND
United States Senate
Hart Senate Office Building
Washington, D.C. 20515

Dear Senator:

I write you about the 800 BILLION DOLLAR non-profit tax free "industry", (not counting churches), along with the President's budget plan. The PHILADELPHIA INQUIRER has just completed a seven-part series detailing the abuse existing in non-profit businesses such as our universities, foundations, hospitals, medical and research centers etc etc etc, all of which are non-profit and tax free methods of lining someone's pockets...legally. There are now 1.2 MILLION of these, generally un-audited, and there are 29,000 MORE every single year!

Just recently, Philadelphia saw what I presume was a well-intentioned charity event called the Mike Schmidt Pro-Celebrity Golf Tournament which was to raise \$100,000.00 for the special olympics. When it was over, this "non-profit" venture had raised a lot of money but was unable to make the \$100,000 donation it had promised. The reason? It had spent over \$600,000.00 promoting the event and, unfortunately, had nothing left for the charity. (The promotion actually ended up "losing" money.)

Someone said, appropriately I thought, "if it cost \$600,000.00 to raise \$100,000 for this charity, maybe we would have been better off just raising the \$100,000.00 and sending it directly to them". I agree. But that's not the way non-profits work. Nor is it the way charities work. There are jobs to protect, some of them very good paying jobs. It's a hell of a way to earn a living.

On C-Span, I always see people who work for non-profit organizations telling us what do to about the deficit. They have lots to say about business and corporation taxes, and the government spending and personal taxes....all the while, the organizations they work for operate at public expense, tax free, paying nice salaries and all expenses. What a deal that is.

It seems that no matter which way we turn in America, someone has his hand in someone else's pocket and things are not ever what they seem. Balancing the budget is a good example. If you make a suggestion, you quickly find it is attacked by special interest groups standing ready to water down any cuts which affect their economic interests. It doesn't matter which special area you attack, that area has its champions. That's tough to deal with and makes it hard to get anything done.

But if we WERE serious about balancing the budget, I think we could do it. And along with balancing the budget, we need lots of other changes such as removing the tax incentives for companies moving out of America and doing something about runaway illegal immigration and it's costs. But to balance the budget, we need to get it done. Not this new plan which raises taxes, cuts spending down the line (probably), and doesn't really get to a balance budget through this decade. That's not doing anything. I don't want to hear what good things are going to be done four or five or six years down the line. NO ONE TODAY CAN COMMIT FOR ANYONE THAT FAR IN ADVANCE. It won't happen.

If it's our problem, let's solve it. This President said he would, so let him do it. He has over three years left, so lets get to a balanced budget in three years. We can you know, if we want to. And nobody would get hurt all that badly. Not if we did it fairly and not politically. Here's my suggestion:

1. Pass the tax increase but without "hidden" taxes like the BTU. Let's put taxes where we can see them.
2. Place a new 5% flat tax on income of ALL non-profit businesses except churches.
3. Eliminate all tax deduction for charitable contributions. After all, if people want to give, that's fine but Uncle Sam shouldn't be part of their charities.
4. Reduce ALL federal expenditures 5.5% this year and 5.5% next. All of them. NO EXCEPTIONS. That includes foreign aid, the CIA, the executive branch, the judicial and legislative branches, all administrative costs, the White House, all entitlement programs (except social security IF it's self-supporting), farm aid, money for education...everything and everybody, across the board, spending cuts equally 5.5% in each of the next two years. (With NO layoffs, NO elimination of vital services which politicians like to do....just cut everything across the board the same percentage, including wages.)
5. A minimum tax for ALL corporations, domestic or foreign, doing business in the United States.

That's it. Now you can't do anything without getting somebody mad, so my way, everybody gets angry at the same time so you don't have to listen to anybody. Also, my plan solves the problem. That's the BIG difference. If it works, it solves the problem now! And I am sure the people would agree to a tax increase if they knew it would work...if it would solve the problem. What we don't need is a tax increase, with "proposed" spending cuts down the line, which won't solve anything! You see, if we all do have to bite the bullet to solve the problem, let's do it. In a year or so, we'll forget the pain and be

happy that we've fixed the problem.

This is like going to dentist...you hate the pain while you are there, but you are thrilled afterwards because the pain you USED TO HAVE, is gone. You were in the chair a short time. The pain you used to have is gone...every single day! It was well worth "biting the bullet". That's what I'm telling you.

The political pain you experience by doing what has to be done to fix this problem, will be less than the political pain you WILL suffer if we do nothing, or do the wrong thing and it doesn't work.

That's what's wrong with President Clinton's program. The cuts are phony and contrived, they are political and they won't ever happen. The tax increases is a tax increase and it will happen...right on schedule; nothing else in this plan will.

As to the selling of this plan by telling me the rich will pay more, I don't care if the rich pay more. I feel if they SHOULD pay more, SO BE IT. Let them pay more. But that has little to do with the deficit problem. There's aren't enough rich folks to tax to make any real difference. I want the budget problem resolved and I want everyone to share in the resolution. It's OUR country and we all want something to say about how it's run so we all should kick in to pay for it.

And...I want the people holding jobs to KEEP their jobs even if it means everyone takes a little less every week. Cutting operating costs by laying off people is counter productive. It removes people from their jobs, often creates more public handouts, destroys lives and usually doesn't accomplish much because budgets are keep the same to protect empires. Also, we lose taxes which would have been paid by those folks who were laid off. And we lose that buying power. No thanks. That doesn't do anything for me. My plan seems to me to work much, much better for all of us.

As I see it, my plan will (1) save 88 billion each of two years from reduced expenditures (2) raise 50 billion from new taxes EVERY year (3) raise 05/10 billion from the minimum tax on non-profits (excluding churches) every year plus pick up a few dollars from the elimination of the charitable deductions. This totals 300 billion dollars in two years and would balance the budget in THIS PRESIDENTIAL TERM, instead of never.

After that, pass a balanced-budget amendment for the future and you guys would have solved the problem once and for all and "blessed would be thy name".

Of course, special interests are at the root of the problem. But what people don't realize, is that everyone is part of some

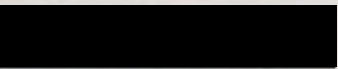
special interest or other. So when we criticize THEM, we are really criticizing US. WE are the problem and that's why it's so hard to tackle. But my plan does tackle it. Because it tackles the problem in a way that everybody shares in the solution. Maybe everyone will get made for a while, but that's ok. If EVERYONE'S mad, we don't have to listen to ANYONE. Because no one will be able to muster any support for their particular problem since everyone else will be concerned about their own problem. Works out great! And it would do the job despite the howls and that's what leadership is all about.

As to that charitable deduction, I don't think charities will be hurt (long term) by its loss. Those who want to give will continue to give and those hollering loudest will only be organizations who give old, used up, over-valued equipment to charities in exchange for overblown deductions anyway. And that's just a rip off.

Back to the 5.5% X 2 cuts in government spending one more time. I've been around Washington a bit. That much waste is laying on the floors in most department. And if you don't want to cut sound programs in your department or in your area, just root out some of the abuses and graft and waste that abounds there. We don't care where you get your 5.5%, just so you get it WITHOUT LAYING OFF ANYBODY AND WITHOUT CUTTING VITAL SERVICES. (That's what politicians always do to "put it to the taxpayers" who cut their money down.)

So, Senator, it's time to step up and get it done. This program would work. It's fair to everyone. And everyone can do his share.

Thank you.



Feasterville, Pa 19053

cc: H. Ross Perot