NTA Forum

Perspectives, Ideas and News from the National Tax Association

Number 21, Spring, 1995

From the Editor

Prospects for fundamental tax reform gained a new lease on life last fall with the election of a Republican congress. But what kind of tax reform? A flat tax on income? Some form of consumption tax? Clearly, there is much more agreement on the problems with the present federal tax system than there is on the general direction for reform, let alone the specifics.

In this issue Rudolph G. Penner explains some of the details, and the problems, associated with the proposal advanced by Senators Sam Nunn and Pete Domenici. The Nunn-Domenici plan, which includes as its centerpiece a cash flow individual tax, has been worked out in considerable detail and seems likely to come to center stage before long.

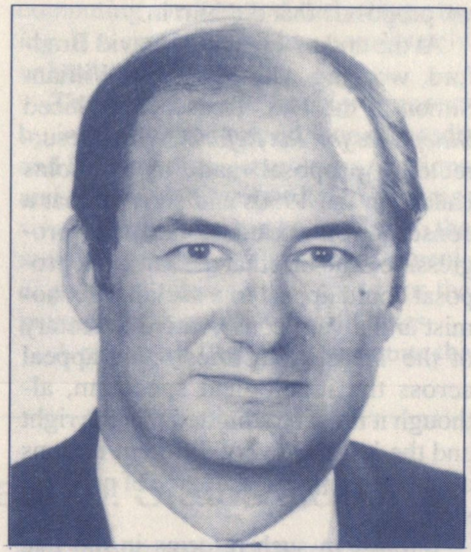
If so, many NTA members will face a serious challenge: whether they be teachers of Public Finance, tax policy analysts, tax administrators, or taxpayer representatives, all will all need to become thoroughly familiar with the plan and its implications. This article provides a good starting place.

As a consultant to the plan's authors, Rudy Penner has been at the center of work on the Nunn-Domenici proposal. Formerly Director of the Congressional Budget Office (1983–87) and Senior Fellow at the Urban Institute (1987–92), Penner is now Managing Director of the Barents Group, a subsidiary of KPMG Peat Marwick. He is a long-time member of NTA.

The editor welcomes comments on Penner's article. Expressions of opinion in the *NTA Forum* of course must not be contrued as positions taken by the Association.

Is a Radical Tax Reform in our Future?

Rudolph G. Penner, Barents Group, KPMG Peat Marwick



Rudolph G. Penner

While press attention is focused on the progress of the hodge podge of tax proposals contained in the House Republican Contract with America, a lively underground debate is proceeding in Washington about radical tax reforms that would greatly relieve or entirely eliminate the tax burden on the return to saving and investment.

Politicians have become interested in such proposals largely because of frustration over the decline in the net national saving rate from over 8 percent of the GDP in the 1960s to less than 2 percent thus far in the 1990s. The growth in the Federal budget deficit has been the cause of a large part of the problem, but the private saving rate has also declined from over 8 percent to less than 5-1/2 percent over the same time period.

Most of those engaged in the debate recognize that curing the budget deficit problem is paramount, but most also believe that something must be done to spur private saving as well. The President's recent budget does little about the budget deficit and the Republican Congress is yet to be heard from. But although the President's budget has no interesting solutions, it does contain an excellent analysis of the problem. It shows that our saving rate has shrunk so low that national wealth per capita, including estimates of R&D wealth and educational capital, has stagnated in the 1990s.

The debate is furthered by dissatisfaction with the current tax system. The business community is struggling to comply with a corporate tax that has become extraordinarily complex and inefficient. The combination of the regular tax with the alternative minimum tax and numerous credits, credit limits, and credit carryovers has created a monster that results in very different effective tax rates on different investments by different companies and industries.

The individual income tax is no less unpopular. Despite strong evidence to the contrary, many taxpayers believe that the current income tax is regressive. It seems that every taxpayer knows someone who has more income, but less of a tax burden. My own experience on talk shows suggests that much of the support for a flat tax comes from people who think that it would be more progressive than the current system! Perhaps for the same reason, respondents to an annual ACIR poll designate the income tax as the least fair tax while sales taxes are least unpopular.

(continued on page 2)

NTA Forum

Number 21, Spring, 1995

NTA Forum is a newsletter containing viewpoints, ideas and news from the National Tax Association, a nonpolitical, nonpartisan, not-for-profit organization devoted to advancing understanding of the theory and practice of taxation at all levels of government.

Please send all correspondence to:
Frederick D. Stocker, Editor
NTA Forum
National Tax Association
5310 East Main Street
Columbus, OH 43213
Phone (614) 864-1221

Some Proposals

Although interest in moving toward consumption-type taxation is now more intense than at any time in the post-war period, the movement has a long history. In the 1970s, Rep. Al Ulman, then Chairman of the Ways and Means Committee, advanced a VAT proposal that was universally blamed for his subsequent defeat at the polls. That incident certainly slowed the movement, but now historical revisionists rightly or wrongly claim that the VAT was not to blame for his demise. In the new version of history, he simply lost touch with his district. It was his hair style and not his tax proposals that did him in.

At the end of the 1970s, David Bradford, working with Secretary William Simon at the U.S. Treasury, produced *Blueprints for Tax Reform*, which resurrected a proposal made by Nicholas Kaldor in the 1950s and showed that a consumption tax could be made progressive. The fact that the same tax proposal could appeal to a socialist economist and a very conservative Secretary of the Treasury testifies to its appeal across the ideological spectrum, although it must be admitted that the right and the left have very different notions about the appropriate degree of progression.

Interest in such reforms in the late 1970s spanned both the ideological spectrum and the Atlantic Ocean as the Meade Commission in the United Kingdom almost simultaneously made similar proposals. Interest then waned, and the Tax Reform Act of 1986 (TRA) was motivated more by an income tax philosophy than a consumption tax philosophy.

In 1993, two events indicated a major resurgence in interest in consumption-type taxation. First, a detailed legislative proposal for a subtraction-type VAT to replace the corporate income tax was introduced by Senators Danforth and Boren. It was given a progressive element by financing an increased zero tax bracket in the individual tax and by providing credits for payroll tax payments. However, reform of business taxation without reform of individual income taxation proved to be a complicated task. Without a corporate tax, the corporation would have a strong incentive to retain earnings and it would become a massive tax shelter. Consequently, the proposal needed to be expanded to include a tax on retained earnings.

At about the same time, Senators Nunn and Domenici were developing a much more radical reform proposal. The idea first surfaced as they co-chaired their Strengthening of America Commission. It attracted so much interest that they decided to work out an extremely detailed proposal. In it, a subtraction-type VAT replaces the corporate tax and taxes on non-corporate business reflected on Schedule C, and provides a 100 percent credit for payment of employer payroll taxes. The payroll tax structure is maintained to avoid disturbing current social security arrangements.

Businesses total their sales and subtract purchases from other businesses, including investment goods, to arrive at the tax base. In the aggregate, it approximately equals consumption as defined in the national income accounts. Payroll tax payments are then credited against the tax liability. To be revenue neutral in the long run would require a tax rate of slightly less than 10 percent.

The tax is border adjustable. That is to say, it does not apply to exports, but it does apply to imports. Border adjustability has a strong appeal to many businessmen who believe that they are at a disadvantage relative to competitors producing in countries with border adjustable VATS. Economists are more skeptical about the importance of border adjustability. This issue will be discussed in more detail later.

The business tax is territorial. That is to say, it only applies to value added generated in the United States. Foreign investments cannot be deducted and the return to them is not taxed. This represents a vast simplification over the current system of taxing foreign income.

In the current tax system, enormous effort and complexity is created by attempts to prevent businesses from artificially shifting tax liabilities from year to year. In the proposed system, one does not care. If a farmer buys all his feed for the next year on December 31, it is an investment and should be expensed. To the extent that it earns a rate of return, the government gains a share of it in the next year when it is converted into sales. If the rate of return is higher than the government's borrowing rate, it can be said that the government earns a profit.

Banks and other financial institutions have to be handled differently from other institutions, because they provide so many in-kind services to customers. In many VAT systems, they are exempted from taxation. In the Nunn-Domenici system, their tax base consists of total financial inflows, except sales of their own shares, plus any sales of real goods and services minus financial outflows plus purchases of real goods and services.

Potential political problems arise because the business tax is applied to unincorporated businesses. That is necessary to gain politically-popular border adjustability under GATT rules. The problem is muted further by the fact that expensing will be a boon to many small businesses.

The proposed business tax is extremely simple compared to the current system. The many pages of tax law and regulations that determine depreciation rates and differentiate capital gains from regular income can be scrapped. Numerous credits and exemptions would also disappear.

The individual tax reform is less simple. In the ideal, it would operate on a cash flow basis. Income from wages, rent, interest and dividends would be computed much as it is today. The proceeds from asset sales and borrowing would be added to purchases and asset acquisitions and the repayment of debt and interest would be subtracted. Note that the calculation is equivalent to computing income and deducting saving. It is similar to having a completely unlimited IRA.

The system can be made progressive by increasing the earned income credit and by providing generous exemptions and a large zero-tax bracket. A progressive rate structure can be applied to the remaining tax base. The Nunn-Domenici proposal allows a full credit for the payment of employee payroll taxes.

A pure cash flow tax is not quite the same as a pure consumption tax. It would be if the taxpayer always faced the same marginal tax rate. Then, the tax deduction accompanying an asset acquisition could be considered the government's contribution to financing the investment. When interest or dividends are received or the asset is sold, the government earns a rate of return on its contribution equivalent to that earned by the taxpayer. Put another way, the initial tax deduction if invested at the same rate of return will be sufficient to pay all subsequent taxes on the investment. It is equivalent to making the investment tax exempt.

That is not true, however, if the tax rate rises between the time the investment is deducted and the returns are enjoyed, either because the taxpayer moves into a higher tax bracket or because the tax law has changed. Then, the after-tax rate of return can be considerably lower than the before tax rate of return. If the tax rate falls, the reverse applies. If under the new tax system, rates continue to gyrate as much as they have in the last twenty years the differences can be immense.

Practical and political considerations prevented Nunn and Domenici from adopting the pure cash flow system described above. In a pure system, the taxpayer would need to keep track of numerous credit card and accounts payable transactions and of changes in currency balances. This would involve a major effort. Some tax-free borrowing had to be allowed to reduce record keeping and for the purchase of lumpy consumer durables such as cars. The repayment of such loans is not deductible.

Owner-occupied housing represents an immense political and practical challenge to any tax reformer. It escaped the net of TRA and it largely escapes the Nunn-Domenici reform, which retains the current law treatment of the in-kind return and the mortgage and real estate tax deduction. Capital gains on housing sales, however, would be fully taxed to the extent that they are converted into consumption. Thus, there are cases in which the return to a housing investment might bear a positive tax and be disadvantaged relative to other investments, but it seems more likely that

Executive Director Search: Status Report

The Search Committee is still accepting applications for the position of executive director of NTA. The month of April will be devoted to screening applications and interviewing candidates. The Committee's timetable calls for having a candidate to recommend to the Board of Directors at the Board's semi-annual meeting on May 23.

Last minute applicants are advised to lose no time in sending their applications in to the Committee, c/o the NTA office in Columbus. The application should include a resume with salary history, a brief statement of what the applicant would propose to do with NTA if selected, and a cover letter setting forth the applications qualifications with respect to (1) leadership skill and ability, (2) organization and administrative skills, (3) ability to plan and manage conferences, (4) communication skills, and (5) networking skills.

Location of the executive director's office is open. The starting date is flexible.

The compensation package is in the $30,000 – $60,000 range, depending on qualifications and location.

Retiring executive director Fritz Stocker will respond to requests for additional information on the job.

The Search Committee is comprised of NTA President Sandy J. Navin, Chair; Vice Presidents Emil M. Sunley and William F. Fox; Past Presidents Helen F. Ladd, Gerald D. Bair, and F. E. Wells; and Board members Steven D. Gold and Rosemary D. Marcuss.◆

housing would bear a negative tax, as it does today. Because of the elimination of the tax burden on most other investments, however, the edge given housing would be narrowed and the overall result less inefficient than under current law.

The above description of Nunn-Domenici barely scrapes the surface of the many issues that had to be decided in its design. Tax exempt institutions, trusts, estates, pass-throughs such as REITs, and a thousand other issues had to be considered. Anyone engaging in fundamental tax reform gains a profound appreciation for the immense complexity of current law.

Subsequent to the Nunn-Domenici proposal, House Majority Leader Armey proposed a "flat tax" that has gained a great deal of attention. The proposal is based on a design by Robert Hall and Alvin Rabushka, and David Bradford has designed what he calls an "X tax" that has a similar base, but with a tax rate structure that makes it considerably more progressive.

The Armey business tax base is similar to that used by Nunn and Domenici with the important difference that wages are deductible. That means that the tax would not be border adjustable under current GATT rules. Wages are taxed at the individual level. In the Armey proposal, generous exemptions and deductions are combined with a flat rate on what remains. The Bradford proposal would add a progressive rate structure.

These proposals have not been worked out in the same excruciating detail as has Nunn-Domenici. That gives them the appearance of being much simpler. Conceptually, the base of the Armey/Bradford tax is very similar to that used by Nunn and Domenici. It approximately equals value added in the production of consumption goods. It is only a slight oversimplification to say that Armey and Bradford tax income when it is earned; Nunn-Domenici taxes it when it is spent. If all income is spent over a lifetime and tax rates remain constant, the present value of the lifetime tax burden is the same.

Inherently, it may be simpler to tax earnings rather than cash flow, but it is not quite as simple as it seems in the Armey proposal. Because capital income is explicitly exempt at the individual level under the Armey proposal, there is a huge temptation to convey compensation using capital assets. For example, some technique must be designed to handle stock options which can be ignored until converted into cash under Nunn-Domenici.

Nunn and Domenici have elected to try to keep their tax reform distributionally neutral whereas the Armey proposal would result in a large redistribution of the tax burden away from the most affluent.

much of the support for a flat tax comes from people who think that it would be more progressive than the current system!

The rates required for distributional neutrality, however, are extremely difficult to estimate. First, the data on savings by different income groups are of very low quality. The distribution of saving calculated from income, consumption, and taxes shown by the consumer expenditure survey is very different from the distribution obtained by examining changes in net worth from the balance sheet data in the Federal Reserve's survey of consumer finances. The latter shows saving to be more proportional to income and thus it implies that a less progressive rate structure is required for distributional neutrality. Both surveys contain many individual records that are implausible. Huge negative saving is often derived from the former and propensities to save greater than 100 percent in the latter. Both phenomena can be explained by gross under reporting of income.

An equally disturbing problem is that distributional neutrality cannot be defined without specifying an elaborate theory of tax incidence. Is the current corporate tax largely paid by capital owners or by wage earners because it drives investment abroad? Will the Nunn-Domenici business tax be shifted forward into prices or backward to factors? Who really knows? It is clear that the distributional tables that play such a huge role in political debates over tax policy rest on a foundation of quick sand.

Effect on Saving

Economists are generally skeptical about the use of tax policy to increase private saving and investment. After all, the decline in the saving rate continued in the 1980s in the face of increased saving and investment incentives early in the period and lower marginal rates later. That should not be surprising in the light of economic theory that tells us that the reduction of the tax rate on saving has an income effect that encourages consumption and a substitution effect that encourages saving. The two effects offset each other to a considerable degree. It is not even clear whether the net effect on saving is positive or negative. Put in laymen's' language, a tax cut on savings makes you better off and that allows you to consume more both presently and in the future. There is a greater reward to postponing consumption, but there is no guarantee that that will induce you to avoid using a portion of your new after-tax income for consuming right away.

The effects of a revenue neutral tax reform should, however, be very different from that of a cut in marginal rates. The average taxpayer will be no better off. The same tax will be squeezed out the average person and the only impact will be a greater reward for saving. Moreover, the redistribution of the tax burden within each income class should also increase saving substantially. Those with a high inherent propensity to save will get a tax cut. They should save a relatively high share of it. Those with a high propensity to spend will face a tax increase. They will have to finance it largely by cutting spending. This distributional impact could be very large, but to my knowledge it has never been estimated.

International Implications

It was noted above that border adjustability is an important issue in the business community. Economists tend to argue that, all else equal, its effects will be washed out by countervailing exchange rate movements. I have never met a businessman who believes this argument.

However, all this may be largely irrelevant to whether the Nunn-Domenici reform causes the trade balance to improve or deteriorate. Economists know that by definition, the trade deficit must equal the excess of public and private investment over public and private saving. The Nunn-Domenici proposal provides an incentive to investment by allowing expensing and an incentive to saving by allowing it to be deducted from the tax base. Which is likely to be the stronger effect? My own hunch is that the stronger effect is likely to be on saving because of the distributional effects described above.

If that is true, the trade balance will improve either because of a fall in aggregate demand, or assuming the Fed is able to counter this, because of a fall in the exchange rate. With border adjustability, the fall in the exchange rate may be muted and the adjustment process eased. If, on the other hand, investment is increased more than saving, the reverse will occur and the trade balance will deteriorate. It will be a "good" deterioration, however, because the extra resources provided to the country will be used for added investment rather than consumption. However, the adjustment may be difficult and it certainly would not be politically popular.

Transition and Other Problems

A tax reform that eases the tax burden on saving and investment may be a wonderful idea, but it is no easy trick to get there from here. Transition issues have taken more time for the designers of Nunn-Domenici to resolve than any other issues. To my knowledge, transition issues have not been confronted by the proponents of the Armey proposal and proponents of value added taxation generally manage to ignore them.

In the Nunn-Domenici proposal, the most important transition issue involving individuals concerns the treatment of savings accumulated out of after-tax income under the current tax regime. The cost basis of those old savings has already been taxed once. Should it be taxed yet again when it is consumed under the new regime? That would be particularly unfair to retirees.

Ideally, it would be nice to allow the use of old cost basis tax free, both for consuming and for investing in new deductible assets. However, there are trillions of dollars of old cost basis out there and its tax free use might deprive the government of all revenues for several years. Therefore, the use of old basis must be limited. But how? Harvey Galper and Henry Aaron once suggested that a limit should be placed on how much a person's tax liability can be reduced in a year by using old basis for either consumption or buying new assets.

> ***interest in moving toward consumption-type taxation is now more intense than at any time in the post-war period,***

Nunn and Domenici take a different approach. People with less than $50,000 compute their old cost basis on the effective date of the new tax and simply deduct it from their tax base over a limited period, say, three years. The advantage of this approach is that it cannot be gamed. The records underlying it are the same as those now used to compute capital gains taxes.

For those who are wealthy and have complicated investments, the computation of cost basis would be a major undertaking. Moreover, the revenue implications of allowing them to write it all off over a limited time period would be very significant since the very wealthy hold most of the nation's wealth.

The designers of Nunn-Domenici have created a fairly simple tax form that allows people to use old basis only to finance consumption in excess of income. Assets acquired by selling old basis are not deductible and the tax form tracks this old basis much as today's tax form tracks accumulated loss carryovers.

The problem with this approach is that many will never consume in excess of their income (e.g. Ross Perot), and will never be able to use old basis tax free. Others with less saving will have an incentive to concentrate the purchase of consumer durables into one year in order to facilitate the use of old basis. This is one of the few distortions in the proposed system, but any system for limiting the use of old basis is likely to inspire intense tax planning.

I divide the transition problems facing businesses into two categories. One involves real assets and debts. On transition day, most businesses will have real assets that have not been depreciated and inventories whose cost has not been deducted. Many will no longer be able to deduct the interest on debt acquired before transition.

The other type of problem involves what I call "tax assets". Many firms have accumulated operating losses and unused credits that are worth a lot of money under the current system. The revenue loss from adjusting for all these items would be immense and it would take a very high tax rate for the business tax to remain revenue neutral. Thus, the designers of the tax reform face a trade off between the type of transition problem for which relief will be provided and the size of the marginal rate required for revenue neutrality.

Quite a different problem involves the treatment of accumulated assets at death. This issue is raised primarily because of the impact of the proposed new system on the very wealthy. Given the way that distributional tables are commonly computed, it is relatively easy to achieve distributional neutrality by income quintile. The top rate in the Nunn-Domenici system is likely to be about 40 percent. However, squeezing the same taxes out of the top 1/2 of one percent of the income distribution would require marginal rates to be so high as to be unadministrable. Aaron and Galper have suggested countering the tax advantages likely to be given to the very, very rich with an estate tax rate structure based on the rate structure used for the expenditure tax. Exemptions and bracket widths could be, say, ten times larger as an averaging device. In that way, all income would be taxed once every generation.

Nunn and Domenici have not yet faced the estate tax problem, but recognize that it must be studied. For now, reforming the income tax system has been arduous enough.

Conclusions

It is not at all clear where all these tax reform proposals are going. Revenue neutral, radical tax reform is always very difficult politically and conceptually. Nevertheless, important hearings are likely in the Senate and House before the end of the year. Chairman Packwood of Senate Finance and Chairman Archer of House Ways and Means are extremely interested and intellectually drawn to the types of reform discussed in this paper.

It is true that radical proposals often degenerate into marginal reforms and that may well happen in this instance. But I shall be surprised if, in five years, the tax burden on saving and investing is not significantly lowered one way or another. Meanwhile, those of us technicians involved in the Nunn-Domenici design effort have had an extraordinary learning experience, working closely with two exceptional political leaders. Tax law may be dull, but the political economy of tax reform is fascinating.◆

New Members

The Association is pleased to welcome the following new members who have joined between December 1, 1994 – March 31, 1995.

NAME	STATE OR COUNTRY
Benjamin C. Ayers	TX
John Barrick	NE
John J. Chavez	NM
Magdalena De Sosa	El Salvador
Michael Decker	DC
Robert Wilford Deweese	NE
Dipartimento Di Scienze Economiche	Italy
Kelly Edmiston	TN
Facolta' Di Giurisprudenza	Italy
Ron Feldman	MN
Gregory C. Fuquay	PA
Leonard Goodman	NJ
Thomas D. Griffith	CA
Marijke K. Hannam	VA
Philip J. Harmelink	LA
Indiana Fiscal Policy Institute	IN
International Monetary Fund	DC
James E. Morow Library	WV
Margaret Mary C. Lauron	Philippines
Licosa Libreria Commissionaria Sansoni	Italy
Susanna Loeb	MI
Laura Menzel	CO
Myra L. Moore	TX
New York University	NY
Kumar Singh Pradhan	Nepal
Ellen P. Roche	MD
Monroe (Ron) Rosner	WI
Saga University	Japan
Mark Skidmore	IL
Mitchell C. Smith	NJ
John M. Strefeler	NV
Alex W. Stricker	NY
SUNY At Buffalo	NY
University Of Queensland	Australia
Vertex, Inc.	PA
Wai-Ho Wong	NY

Now Available on the Internet: an NTA "Home Page"

Acting on the positive response of NTA members to the proposal for disseminating Association information on the Internet, an ad-hoc committee on Internet access has decided on an NTA "home page" on the World Wide Web as the most desirable option.

The NTA "home page" is now up and running. The address (Universal Resource Location, or "URL") is:

http://www.asu.edu/cwis/business/nta.html

This address is temporary and will change when Arizona State University, the sponsor of the NTA home page, installs a new "server" within the next couple of months. Members will be informed when the address change occurs.

Many academic institutions, government agencies, nonprofit entities, and commercial organizations have World Wide servers. Most take advantage of the extensive graphical and multimedia capabilities supported on the Web.

The World Wide Web may be accessed through the Internet using Mosaic (software from the National Center for Supercomputing Applications at the University of Illinois), Netscape (from Netscape Communications), or other WWW "browsers." Mosaic and Netscape are available free on the Internet. Using any file transfer protocol (FTP) software, open "ftp.ncsa.uiuc.edu" for Mosaic, or "ftp.netscape.com" for Netscape. Login as "anonymous" and "get" the "read.me" file for further instructions. You can give the "dir" command to see the list of available files, and then use the "get" command to download the software. Both MS Windows and Macintosh versions of the software are available as well as versions for some X-Windows and Unix systems.

Initially, the NTA Home Page will contain descriptive information about the Association, Executive Summaries of papers to be presented at the Spring Symposium, and "links" to other Association related material. Mosaic and Netscape allow the user to access information from the home page and save it to disk or print it locally.

Other sites on the Web that are related to taxation include:

U.S. Treasury
http://www.ustreas.gov/treasury/homepage/html

Journal of Finance
http://www.cob.ohio-state.edu/dept/fin/journal/jof.htm

Please forward any comments and suggestions to the ad-hoc committee chair, Charles Christian, on the Internet at charles.christian@asu.edu, or write him at Arizona State University, Tempe, AZ, 85287-3606.◆

Sales Tax Conference is Planned

The National Tax Association, in cooperation with the Institute of Property Taxation, is planning the 3rd in a series of special conferences dedicated to problems and issues in sales and use taxation. The first two conferences (1988 and 1991) were very well received and prompted important discussions and debates on evolving issues of sales tax policy. Papers given at the second conference were published in *Sales Taxation; Critical Issues in Policy and Administration*, William F. Fox, ed. (Westport, CT, Praeger Publishers, 1992.) The upcoming conference is expected to produce a similar volume.

The conference will be held early in 1996 at a place and time yet to be determined. Planning is being done by a committee headed by Matthew N. Murray and William F. Fox, both of the Department of Economics, University of Tennessee. Comments or suggestions about the conference should be forwarded to either Murray or Fox at 615-975-5441 (FAX 615-974-3100.) ◆

Plan Now for San Diego Conference

Please note that the 88th Annual NTA Conference will take place this coming *October 8–10*; mark your calendars.

The date is about a month earlier than usual. Normally the Annual Conference is scheduled for the first week after the November elections. Schedule conflicts led to the earlier date this year.

The program and registration information for the San Diego conference will be mailed around July 1. The Program Committee is chaired by Bob Cline, of the Minnesota Department of Revenue. Chair of the local Host Committee is Ernie Dronenburg, of the California State Board of Equalization. Both committees are hard at work planning an outstanding conference.

Long range planners take note: The 1996 conference will be held in Boston, at the Park Plaza Hotel, November 10–12, and the 1997 conference will be in Chicago, exact dates and place yet to be determined. ◆

NTA Information Retrieval Service

The NTA Information Retrieval Service is STILL available at moderate cost. The service allows NTA members to access tax topics of all types, from journal articles, dissertations, books, government publications, court opinions, news articles, conference papers, etc.

The NEW phone number is 614-436-2459

Just call this number and identify yourself as an NTA member to receive your 20% discount. A professional researcher will help you define and limit your search, which will result in a bibliographical listing. You can then choose the items you want to retrieve. These documents can then be acquired by you or by the retrieval service — your choice.

For more information phone the above number or NTA headquarters.◆

We invite you to join us in our work

APPLICATION FOR MEMBERSHIP

NATIONAL TAX ASSOCIATION
5310 East Main Street, Columbus, OH 43213

I wish to become a member of the National Tax Association.

My check for $____________ is enclosed for the payment of annual dues. I understand that $50.00 of my dues ($55.00 for foreign members) covers the subscription cost of *The National Tax Journal*, and that I will receive the *Proceedings of the Annual Conference*, the *NTA Forum*, and all other publications of the Association at no additional cost.

Sustaining Member	$ 500.00 or more
Corporation or Government Agency	$ 300.00*
Professional, corporate employee, others	$ 120.00
Library	$ 100.00
Government employee or academic	$ 70.00
Full-time student or inactive retiree	$ 15.00

* Allows up to three individuals in case of corporations, up to five in case of government agencies.

NAME ______________________________
(PLEASE PRINT)

TITLE ______________________________

AFFILIATION ______________________________

STREET ADDRESS ______________________________

CITY ____________________ STATE ______ ZIP ________

Buchanan to Speak at Spring Symposium

Nobel laureate James M. Buchanan will address the NTA Spring Symposium at the Symposium Luncheon, May 23, 12:30 PM. His topic will be "Clarifying Confusions About the Balanced Budget Amendment."

Currently Professor and Director of the Center for the Study of Public Choice at George Mason University, Buchanan was awarded the Nobel Price in Economic Science in 1986 for his seminal contributions to the theory of political decision making and public economics.

The Balanced Budget Amendment is one of the principal topics on the agenda of the Symposium, the theme of which is "A New Agenda — Old Constraints." In addition to Buchanan's perspective, issues raised by the proposed amendment will be considered in papers by Charles L. Schultze, of the Brookings Institution, and James M. Poterba, of MIT.

The program for this year's silver anniversary symposium was arranged by a committee headed by Len Burman, of the Congressional Budget Office. The full program for the Symposium and registration material have already been sent to all members. Additional copies can be obtained from the NTA office.◆

NTA

Dedicated to advancing understanding of the theory and practice of taxation at all levels of government

NTA Forum
National Tax Association
5310 East Main Street
Columbus, OH 43213

Address Correction Requested

NON-PROFIT ORG.
U.S. POSTAGE
PAID
COLUMBUS, OH
PERMIT NO. 4422