

Maryland Politics

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First Click, Maryland: Fact-checking Rep. Kratovil's claim on tax hike



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Fact Check



If it seems counterintuitive that a candidate would be pushing for a big tax increase as a way of winning office this election year, it is -- and, in Maryland's 1st congressional district, it's also counter to the truth.

Ads launched by Rep. Frank M. Kratovil Jr., a freshman Democrat who is seeking reelection in a close race, accuse his Republican opponent, Andy Harris, of wanting to institute a national sales tax of 23 percent on dang near everything. A similar ad also ran last month.

Like so many negative ads on both sides of the partisan divide, this one takes a kernel of truth, cranks it through the convoluted tubes of the political campaign machine, and spits out a misleading hybrid.



It's true that [Harris' Web site](#) expresses support for the revamping the tax code, perhaps by instituting the so-called Fair Tax. "I favor fairer, flatter, simpler and lower taxes -- I can support either the flat tax or the fair tax," the campaign Web site says, without going into details.

That's just fine with the Kratovil ad, which also doesn't bother to explain that the "fair tax" would replace most existing taxes, not add to them. As explained by [Americans for Fair Taxation](#), a fair tax would take the place of taxes on personal and corporate income, capital gains, self-employment, estates and gifts. Rebates would be granted to those who met certain criteria for low-income households. Rep. John Linder (R-GA) has sponsored a bill to revamp the tax code along these lines, as did Sen. Saxby Chambliss (R-Ga). Fair tax supporters also hope to repeal the part of the 16th Amendment that first authorized the U.S. government to collect personal income tax.

Harris's press secretary Anna Nix said Harris supports the "fair tax" because he believes it would simplify and reduce Americans' tax burden, not add to it, as the attack ad implies.

But variations of the Kratovil campaign's attack ad have cropped up around the country. FactCheck.org, among other election-year umpires, has judged these ads to be misleading because they fail to explain that the national sales tax would replace most other taxes. Whether the Fair Tax would in fact be fair or wise is another matter altogether, as FactCheck.org also points out.

The idea has been around since the 1990s at least. The Kratovil campaign cites a 2004 paper by the Institute on Taxation and Economic Policy that analyzed the fair tax proposal and found that the overall effect would be to increase the tax burden on middle- and lower-income residents. In Maryland, the institute calculated that the bottom 20 percent of households would have seen their tax burden rise \$3,854 a year in 2005 under a fair tax, while the richest 1 percent of households would have paid \$229,114 less.

The President's [Advisory Panel on Federal Tax Reform](#), convened by former President George W. Bush in 2005, examined the idea of a national retail tax as a possible solution to simplifying the tax code, but rejected the national retail tax largely because of its lack of progressivity. The bipartisan panel also calculated that creating and running such a tax regime, with rebates, would likely require a tax rate of at least 34 percent.

-- *Fredrick Kunkle*