

FAIRtax (FT) *INCREASES* Tax Welfare

2023 Poverty Guidelines

Poverty Guidelines are issued (as adjusted for inflation) annually by the US Department of Health and Human Services - [See 2023 Guidelines.](#)

The "family" is considered to live in poverty if they spend no more than the following guideline amounts for residents of the 48 contiguous States and the District of Columbia - separate tables are provided for residents of Hawaii (15% higher) and for Alaska (25% higher).

HHS Poverty Guidelines

# of PERSONS	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1	\$12,140	\$12,490	\$12,760	\$12,880	\$13,590	\$14,580
2	16,460	16,910	17,240	17,420	18,310	19,720
3	20,780	21,330	21,720	21,960	23,030	24,860
4	25,100	25,750	26,200	26,500	27,750	30,000
5	29,420	30,170	30,680	31,040	32,470	35,140
6	33,740	34,590	35,160	35,580	37,190	40,280
7	38,060	39,010	39,640	40,120	41,910	45,420
8	42,380	43,430	44,120	44,660	46,630	50,560

Note: 2023 adds \$5,140 for each added *person*.

2023 FT Prebate

Fairfax's Annual Spending & Prebate 2023

	<u>1 Adult</u>	<u>Prebate**</u>	<u>2 Adults*</u>	<u>Prebate**</u>
	\$14,580	\$3,353	\$29,160	\$6,707
+1	19,720	4,536	34,300	7,889
+2	24,860	5,718	39,440	9,071
+3	30,000	6,900	44,580	10,253
+4	35,140	8,082	49,720	11,436
+5	40,280	9,264	54,860	12,618
+6	45,420	10,446	60,000	13,800
+7	50,560	11,629	65,140	14,982

*FAIRtax gratuitously "corrects" for a *non-existent* "marriage penalty" and so it pays an *extra* \$2,171 (see above, 2 adults = \$6,707 versus \$4,536 for 1 adult + 1 non-spouse "person").

HHS Guidelines use "PERSON", while FAIRtax uses "Adults" + "children" – see illustration, below.

**For residents of the lower 48 States & DC. For Hawaii, add 15%, for Alaska add 25%

ILLUSTRATION

The FT's Prebate is a tax **WELFARE** check that leaves many dependent upon the govt for a large portion of their monthly income – a very bad idea. Although FT'ers often claim that it is a return of money "wrongfully" taken from taxpayers, the Prebate is not a refund of FT paid but a new independent \$700B **ENTITLEMENT**, that will only increase in the future – it is the very last thing we can afford and would be yet another Cloward-Piven step towards the destruction of our Republic.

The Prebate is rationalized by its marketers as being needed to ensure that the poor pay no FT, assuming (incorrectly) that we all agree with that goal. This Illustration exposes that the Prebate goes much further – it gives the poor a large FT **PROFIT**, i.e., *more* tax welfare.

The Prebate gives every family a monthly check purportedly to cover the FT they would pay on the highest level of “poverty level purchases” as defined by the US HHS Dept.’s Poverty Guidelines. *FT then artificially inflates* that amount (i.e., it is *not* based upon purchases of specific items of necessities).

The Prebate next “assumes” that *EVERY* family of each size spends the same number of specified dollars (for 2023; \$14,580/adult, \$5,140 child) which times 23% (i.e., FT’s tax-INCLUSIVE rate) yields the Prebate that will reimburse them for 100% of the FT (\$3,353/adult, \$1,182/child) that they *THEORETICALLY* paid.

To illustrate, assume a family of 5; Husband, Wife, 2 kids, and the Wife’s Sister lives with them. They would be “assumed” to spend a total of \$54,020 (\$14,580 x 3, plus \$5,140 x 2). Their 2023 Prebate would be \$12,425 (\$54,020 x 23%, i.e., “tax-inclusive” FT rate) or (Prebates \$3,353 x 3 + \$1,182 x 2, rounding difference). The \$12,425 Prebate is calculated to pay back 100% of the FT *THEORETICALLY* paid by the family, but as shown below it greatly **OVERPAYS** the amount of FT **ACTUALLY** paid by the family.

Point 1. The FT corrects for a *non-existent* “Marriage Penalty”

There is **NO** “Marriage Penalty” in the underlying HHS Guidelines – they were developed as impervious to age or marital status. They provide \$14,580 in spending for the 1st **PERSON** in the household (who is assumed to pay the “rent”) and \$5,140 for each added **PERSON** – it does not matter whether a **PERSON** is an adult or a child or whether they are married or not. The Prebate “makes believe” that the HHS Guidelines say “Adult” & “Child” and then is more generous to marrieds – the Prebate generously gives away more money, **YOURS**.

RESULT: The Prebate assumes this family spends \$9,440 **MORE than the Poverty Guidelines (i.e., \$14,580 - \$5,140)** and **OVERPAYS** them by \$2,171 (\$9,440 x 23%).

Point 2. The Prebate more generously defines “family”

FT’s more limited (than the HHS guidelines’) definition of “Family” allows for more FT “families” in a single physical household than the underlying HHS Guidelines would allow. An FT “family” includes only lineal ancestors/descendants (plus adopted). Thus, the Wife’s Sister would be treated as a separate family under FT, and thus as an adult (this would **NOT** occur if the HHS Guidelines were followed).

RESULT: The Prebate assumes this family pays \$9,440 **MORE** (i.e., \$14,580 - \$5,140) and **OVERPAYS** them by \$2,171 (\$9,440 x 23%).

Point 3. The Prebate “assumes” that **ALL** spending is made **AT** the poverty dollar limit

If the family **ACTUALLY** spends **LESS** than the maximum amount a family can spend and still be at the HHS Guidelines’ limit, they will be overpaid. This family is “assumed” to spend \$54,420 (\$14,580 x 3 + \$5,140 x 2).

RESULT # 1: If they **ACTUALLY** spend \$5,000 less than the limit, the Prebate **OVERPAY** them by \$1,150 (\$5,000 x 23%).

RESULT # 2: For Points 1-3, The Prebate assumes \$23,880 **MORE** spending and **OVERPAYS** their Prebate by \$5,492.

Point 4. The Prebate **OVERPAYS** for **USED** goods

If the family buys some goods **USED** (and can prove the seller paid FT, and that certain credits were not claimed) they will not have to pay FT. Yet the Prebate “makes believe” that they **DID** pay FT.

RESULT: If the family bought \$5,000 of **USED** goods, the Prebate would **OVERPAY** them by \$1,150

Point 5. The Prebate **OVERPAYS** for Black Market purchases

If the family buys some goods on the Black Market, they will pay no FT. The FT “makes believe” that all is spent legally so that full FT is paid.

RESULT: If the family spends \$5,000 in the Black Market, the Prebate **OVERPAYS** them by \$1,150.

Point 6. The Prebate **OVERPAYS** for In-Kind (as well as cash) Welfare

Welfare is paid in cash and IN KIND (e.g., Medicaid, Housing Assistance). The poor would **NOT** effectively pay FT – **WE WOULD**, either directly (in-kind welfare) or indirectly (cash welfare). The FT “makes believe” that the poor actually paid the FT and repays **THEM** for FT that **WE** gave them the money to pay or paid for them directly. The poor would likely also get a raise in their welfare (due to FT 30% price increases) **AND they would even be** more than fully reimbursed by the Prebate, a *second* time.

RESULT: If in-kind welfare is \$6,000, the Prebate OVERPAYS by \$1,380.

Point 7. The Prebate **OVERPAYS** for Other Exempt Spending

If the family spends money on tuition, property, and other taxes/licenses, etc., they will not pay FT, but the FT “assumes” that they would.

RESULT # 1: If this family spent \$3,000 on such items, the FT would **OVERPAY** them by \$690.

RESULT # 2: Points 4-7, Prebate incorrectly “assumes” FT was paid on \$19,000 and **OVERPAYS** \$4,370.

RESULT # 3: Points 1-3, Prebate assumes \$23,880 *MORE* spending and OVERPAYS by \$5,492.

RESULT # 4: New goods purchased - \$11,140 (see below): FT actually paid is only \$2,563 (see below).

RESULT # 5: Grand Total **OVERPAID** Prebate for Points 1-7 = \$9,862.

ILLUSTRATION SUMMARY

Assumptions: H+W + 2 kids + W's sister	<u>SPENDING</u>	<u>PREBATE</u>
1. FT Assumed family spend/prebate	\$54,020	\$12,425
2. "Marriage Penalty"	-9,440	-2,171
3. Extra Adult	-9,440	-2,171
4. Spend below Limit	-5,000	- 1,150
5. Total over-assumed spending (L. 2+3+4)	-23,880	- 5,492
6. Remaining FT assumed spending (L. 1-5)	30,140	6,933
7. Used goods	- 5,000	- 1,150
8. Black Market	- 5,000	-1,150
9. In-Kind welfare	- 6,000	-1,380
10. Other Exempt Items	-3,000	- 690
11. Purchases where NO FT paid (L's 7-10)	- 19,000	- 4,370
12. Spending where FT paid (L.6 - L.11)	\$11,140	\$2,563
13. Total FT <i>overpaid</i> (L.1 - L.12)		\$9,862

That \$9,862 overpayment is only an illustrative guess because the real numbers cannot be accurately predicted. However, I would question the insanity of giving the poor a check for several thousands of dollars (\$0-\$12,425), **plus**, free SS/Medicare, **and** have them pay no FairTax.

to this point, senior AFFT Board Members have made only two comments about this illustration.

Initially, they had no criticism of any of the 7 points illustrated above. All they could say was "we have to give the poor *a ladder out of poverty*" - **Translation:** We need to make welfare even *more* attractive than work than it already is (*Really?*).

An AFFT Director criticized my Point # 6 about welfare. He claimed that once we give people cash welfare the money "belongs to them" and so they "pay" the FT, even though we gave them the money to pay that FT – **INCREDIBLE!** - he did not address in-kind welfare. See [article comments](#) (if still available).

