

A Proposal for a State-wide Transaction Tax of
ONE CENT PER TEN DOLLARS –
One Dollar per Thousand

PURPOSE: Nevada needs to reform the State's Revenue Base. Digital Technology has made collection of Revenue more practical. Every Transaction--Exchange of Value--within the State could generate revenue for Nevada.

JUSTIFICATION: The State is the Host to a myriad of exchanges of monetary and/or of valuable considerations. The Transaction Tax is a fee for the State's accommodation of the Fiscal and Monetary Environment for all exchanges of value. (The State is the "House" that maintains conditions for financial and commercial exchanges and should get its due "rake.")

The proven Economic Mechanism or Factor that makes this worthwhile is the tremendous amplification of the Monetary Systems' Multiplier Effect. Each dollar is turned over many times. At each turnover the fee would be exacted.

PRACTICE: All transactions and/or exchanges, tangible or intangible, are assigned values in the equivalent of Federal Reserve Notes (FRN's) currently in general circulation. The Receiver of the Consideration of Money or Favor, tangible or intangible, will pay into the State's Transaction Register, the mathematical result when the monetary value is multiplied by (.001). IE. If the exchange has a value of \$100.00, the mathematical result is ten cents.

Summary: All transactions originating in the State of Nevada would be subject to the Transaction Fee. There is no exemption for out-of-State receivers regardless of their not having a taxable facility or branch in the State. This tax would be Totally Neutral in that it would be the same for every entity, public or private. It could replace the lost revenue in declining property taxes that cost the States billions when property values decline.

Every transaction is effectively assessed the fee including those which currently are not subject to "sales" taxes; IE. Sales of services, tangible and intangible, wagers--legal and illegal, gambling chips sales, trades of stock shares, commodities, and bonds, property taxes, mail order sales, all retail sales including food, internet exchanges, compensated agreements in principle, etc., would be subject to the Transaction Tax. Every financial instrument involving State residents, such as agreements and/or intangible considerations would be subject to the tax. This includes ALL financial transactions such as Federal Reserve and FDIC exchanges, mortgages, and mortgage securitization agreements, derivatives, and swaps. Computer technology makes this technically feasible.

The economically proven, Multiplier Effect, would expand the collections to a factor of 10, to 30 or more times, the original dollar value created by the FED. The formula- (the State's GDP times .001) times whatever the Turnover of each dollar IS APPLIED TO ALL EXCHANGES OF VALUES, either tangible or intangible, with NO EXCEPTIONS. The dollars created due to the fractional reserve policies of the banks amplify the transaction volume immeasurably. This Fee would generate enough money to rebuild the Nevada's Revenue Infrastructure, to support the State, Local governments, and generate continual prosperity. It could support public campaign financing, as well.

EXAMPLES: Exchanges of Product for money are straightforward. Exchanges of Intangibles such as Favors, Agreements, Promissory Notes, and all Services must be assigned value equivalents in Federal Reserve Notes, (FRN's). The many possible scenarios can be resolved as they arise. Some may not be too obvious. Here are but a few:

- a). The services offered by a bank in exchange for deposits are intangible and must be valued on the basis of the amount deposited;
- b)All refunds of money for chips, wagers, tokens, markers, and/or comps, etc. to private entities are subject to the fee based on assigned values; the Receiver may not be a Nevada resident so, in such cases, the Transaction Fee would be collected by the payer of the values exchanged;
- c) Elected representatives (Receivers) serve their constituents, as do candidates for office--their candidacy serves their voters' freedom of choice. The intangible service is assigned a value subject to the value of contributions and is subject to the fee dependent on the legal status of the donor.
Contributions, tangible or intangible, favors, comps, etc. of eligible voters' (constituents) from the Representative's Voting District are assessed at a multiplier of .001, (point zero, zero one. Non-constituents' contributions, tangible or intangible, are assessed on a sliding scale that would increment each year. For instance, it would bet 0.1 the first year (point one), 0.2 the second year, (point two), etc. of the representative's tenure. IE. A contribution of \$1000.00 from a non-constituent that is ineligible to vote for the candidate would be assessed on \$1000.00, times a multiplier of 0.1 on the representative's first year in office; times 0.2 the second year in office, and so on; electoral candidates would pay the fee of 0.001 times the contribution from constituents at each election; and the same fee schedule as representatives on contributions from non-constituents.
- d) Barter exchanges could be handled as does the IRS when stocks are traded. No value advantage is assigned. However, barter exchanges should be assessed at the rate of .0005 for each participant, detailed on Sales and Use tax forms of the State, for both entities, at values assigned by 3rd parties.

Money Talks.

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GLOSSARY

CONSTITUENTS—Citizens of Nevada eligible to vote in the voting district of their residences;

DERIVATIVES – Another name for wagers based on tangible and/or intangible financial factors;

ENTITY – A person, business, or mechanism that performs transactions -- exchanges of values;

EXCHANGES -- any transmittal of values, tangible or intangible, such as but not limited to, money, favors, agreements, tokens, notes, gratuities, fines, taxes, payments in kind, including products and/or services traded—barter;

FRACTIONAL RESERVES --Fractional reserve banking is practiced by all modern commercial banks. When cash is deposited with a bank, only a fraction is retained as reserves, and the remainder can be lent (or spent by the bank to buy securities).

FRN – the Federal Reserve Note which is the national currency of the United States;

MONEY – Currency in general circulation in the United States—FRN's.

MULTIPLER EFFECT -- The aggregate result of dollar turnovers from all financial activity;

NON-CONSTITUENTS – A citizen or other entity not eligible to vote in a particular candidate's voting district;

RECEIVER – A facility or entity assigned responsibility for collecting the Transaction Fees for the State of Nevada;

The STATE – All public and private representatives of Nevada and/or its agents, licensed or unlicensed;

SERVICES –Tangible acts and/or benefits, including implied and/or intangible beneficial services provided by agents, elected representatives, candidates running for office, public or private, implied agreements and/or permissions, licenses and/or permits, the values of which will be established by State approved 3rd parties;

SWAPS – Financial agreements that transfer items of intangible values including, but not limited to, laying off of wagers against possible loss, and other financial risks;

TRANSACTION REGISTER – A computerized account which tabulates, accumulates, and reports all fees delivered manually or electronically from Receivers of Transaction Fees;

VALUES – Monetary worth attribution, accounted for in FRN's, to be assigned by State-approved 3rd parties, if such values are intangible. The monetary worth may be assigned to financial and other exchanges, and/or all trades and swaps including credit default swaps, securitization products, transfers between banks, etc.

This assignment of worth would include all Favors and/or Contributions like personal services, travel expenses, food expenses, airplane service, sexual favors--legal or illegal--, entertainment, hotel and/or casino comps, tokens, coupons, golf trips, accommodations, convention expenses, etc. This would include any and all products and/or services which originate in the State of Nevada, including that which may be finalized elsewhere;