

Tax Foundation

"Global Tax Reform: Who's Leading, Who's Lagging, and Is the U.S in the Race?"

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Principles of Fundamental Tax Reform

Scott Hodge: Ladies and gentlemen, if you could begin to take your seats again. Throughout this year's presidential campaign I think it's safe to say that the President was very resolute in his desire to overhaul the tax code. But he was pretty coy in identifying the kind of tax reform plan that he favored or that he would prefer over the current system. Our next speakers are anything but shy in expressing the kind of system that they would replace the current tax code with.

I'm very pleased to have with us this afternoon three leaders in the tax reform movement: Congressman Phil English from Pennsylvania, Congressman John Linder from Georgia and the former Majority Leader Dick Armey. I was very fortunate a few years ago to spend some time at Citizens for a Sound Economy, during that period of time in which CSE was sponsoring its Scrap the Code tour, which barnstormed across the United States. These were mock debates between Mr. Armey arguing for the flat tax and Bill Tauzin arguing for the National Retail

Sales Tax. They were incredible events. They had all the mood of a rock concert combined with a tent revival. [laughter]

It was wonderful to watch. Mostly hundreds if not in some cases thousands of people to come out and get energized to scrap the current tax code. And I would that if it hadn't been for Mr. Armey's almost exhaustive schedule during that period of time that the tax reform movement would not be where it is today because it energized so many people to get behind some sort of a plan to scrap the code. We were all unified in one thing - the current code had to do. And most of us were willing to accept any of the alternatives because the current system is so bad.

I've asked our speakers to spend a few minutes talking about the plans that they prefer and they each have their own particular kind of plan. But then talk about the principles of tax reform that the President and the Commission, if it is ever put together, should consider as it moves forward towards fundamental tax reform.

We'll begin with Mr. Linder.

John Linder: Thank you, I'll begin with principles. I think that whatever we do to un-tax low income people it ought to be fair, it ought to be understandable and it ought to treat everyone else the same. My bill would abolish the IRS and repeal the income tax - all taxes on income whatever, the

corporate income tax, the personal income tax, the payroll tax, which is the largest tax that three-fourths of America pays. The gift tax, the state tax, AMT and replace it with a single one-time retail sales tax, a national retail sales tax. We spend about \$22 million on economic and market research. And the most compelling piece of information we have come from a Harvard University study.

Today 22% of what you spend at retail represents the embedded cost of the current system. People who spend all of their income to live lose 22% of their purchasing power through the current system. That means we sell goods and services into a global economy where the huge tax component in the system making us less competitive. Whatever we do needs to get the tax component totally out of the price system, and that means we have to get rid of all business taxes and the payroll tax so they're no longer embedded. It will make us the most competitive nation in the world.

There are some huge forces coming to bear. Let me just also say we have a rebate system. Every household will get a check at the beginning of every month to totally un-tax them up to the poverty level, every household. Poverty level spending is defined as that spending necessary for a given sized household to buy their necessities. For a household of one, it's about \$9500 a year. For a household of four, it's about

\$24,000. For household of six, it's \$30,000. That check will be sufficient to totally un-tax them up to that level and beyond that we all pay the same.

There are four or five major economic forces coming to bear in my lifetime that have to be dealt with. The first one is we have to get more competitive. We spend about \$400 billion a year complying with the tax code. We spend \$200 billion just filling out IRS paperwork. We spend that much or more calculating the tax implications of a business decision. We lose 18% of our economy to making tax decisions instead of economic decisions.

That's a huge price to pay to send in \$1.5 trillion in income taxes. If we would get that burden out of the system by repealing all tax on income and abolishing the IRS, you would find us with a \$4 trillion tax cut over the next 10 years and everybody treated the same. And guess who pays these embedded costs -- the consumer. There's only one taxpayer in the world and it's a consumer. The only mechanism that business has to pay any bills is price and it's finally consumed, all the bills are paid, including the tax bill.

We have \$6 trillion in offshore accounts that would come to this country if we abolish all taxes on capital and labor and we would become the world's largest tax haven. We are a more efficient company to invest in -- \$6 trillion creates lots

of jobs. The money isn't driven offshore by our tax code. It is cheaper for major corporations to borrow at 6% interest than to repatriate at 35% taxes and they leave the money offshore and oftentimes swap it offshore for other dollars.

We want that money back home to create jobs in this country. If we become the only nation that sells goods and services into a global economy with no tax component in the tax system, everybody who competes with us will have to build their next plant in America. So they also might be able to build goods and sell them into a global economy with no tax in the price system. John Snow said in my office this would be the largest magnet for capital and jobs in the history of the earth. And we believe the jobs would come rushing to our shore.

We have now in three components in the underground economy, just three: pornography, illicit drugs and illicit labor. Those three components constitute a trillion dollar economy untaxed. Larry Kotlikoff just finished a study at Boston University that says that Social Security and Medicare, our two retirement programs, have a 75-year unfunded liability in current dollars of \$51 trillion.

The entire household wealth in American is \$53.8 trillion. If we took away every asset from every household and applied the value against the shortfall in the two retirement programs,

we'd cover 80% of it. Under a sales tax, which collects your money from the overall size of the economy, you double the economy in 15 years, which we believe if not only doable but probable, you double the revenues of for categories in 15 years.

Whatever the President proposes to do on Social Security, if it doesn't change the funding mechanism from workers paying for retirees it's going to fail. We're going to increase the number of people in retirement in 30 years by 100% and we're going to increase the number of people working to pay for them by 15%.

There simply isn't a way for our workers to pay enough taxes to pay for my retirement. Under our system you triple the number of people paying in. Like having 290 million Americans and 50 million visitors to our shores pay into the system every time they buy something.

If this doable? It's tough. It's a big deal. It's a radical change. And Dick Armey's proposal will be easier, but if you don't deal with the payroll tax and you don't get all business taxes out of the system, you fail on several fronts. You fail on the Social Security and Medicare side. You fail on getting the tax component on the price system on the competitive side. And I argue that the tax we have today, that we've come to know and love, is a flat tax on income 91 years

later. We flattened it out again in 1986, only to amend it 6,000 times since then. I want a system that doesn't know how much you make and how you make it, that will give you the privilege of anonymity in a free society. And only a true consumption tax can do that. Thank you.

[applause]

Dick Arme: Thank you John and I, too, want to go the basics. In 1993 I had one of my Poyeye moments. Popeye says I've had all I can stand I can stands no more. And I had that feeling about the tax code so I decided that I wanted to see if we could initiate a fervor in America for fundamental tax reform and began the business of studying the options. I went to the basics - fundamental questions.

First of all, I hold it as a proposition that I'll present to you that there is only one legitimate reason for a tax code - only one legitimate function of a tax code, and that is to do nothing other than raise money. Anything else you try to do with a tax code is a corruption. And the two principal corruptions that give cause to the vast majority of the complexity, red tape, compliance cost, hardship, frustration, anxiety and fear one (1) income redistribution and (2) social engineering.

And, if a government had the discipline and the responsibility to use this instrument for its only exclusive

legitimate purpose it would be rid of these corruptions and all of the hardship and pain that go with it.

The second basic proposition was, out of my observation, that all taxes are paid by individuals and all taxes are paid out of current income flows. Anything other than levying the tax clearly and directly on the individual, transparently on the individual, falls into two categories that I contrived when I was a professor a long one.

One, deceptive government practices and, two, government by disguise. Frankly, anything else you do by way of levying a tax is an attempt to disguise the tax from the person who's paying the tax. And when the person who's paying the tax doesn't recognize the magnitude of the tax they are lulled into the belief that government services are free. Therefore, I can be a free rider and consequently I ought to vote more because somebody else is paying the tax, corporations are paying the tax not real people. And so you get a lot of goofy thinking pursuit again to the failure to comply with it with the fundamental observations of the tax law.

I also introduced an ethical proposition and I argue fervently for this in taxation as well as many other things; that the uniquely American definition of fairness ought to be to treat everybody exactly the same as everybody else. I would apply that to race. I would apply it to gender. I would it to

any number of things but I would certainly apply it in the tax code.

This tax code follows a sophistry of differentiation between earned and unearned income. I do not know where that sophistry comes from or why it continues to hold up if and not, of course, most inane concepts survive only because there's a bald prejudice that underlies them. So there is a prejudice against capital-sourced earnings, but if you accept the fundamentals that indeed one must have both capital and labor or one cannot produce and the productivity increases that accrue to labor almost without exception comes from their ability to associate their labor with more refined capital. All science and engineering technology is introduced to the world - the work increasing productivity through capital investments and, therefore, we ought to applaud capital as a resource import not punish it. And, of course, this is a fascinating prejudice and bias for us to find in the United States.

Having looked at these things I studied the options. In 1993 the two most prominent options of public discourse were something called Nunn-Dominici, which I studied for a very, very long time. And not only did I conclude that I was incapable of understanding non Nunn-Dominici but I strongly

suspected that neither Nunn nor Dominici understand.

[laughter]

And so I basically turned my attention away from that mostly out of just sheer bewilderment. And I think probably younger, fresher, smarter, minds with greater vitality couldn't understand this better than I could have in the early years of my dotage.

I then moved onto the state of national sales tax, which add on already existing organization in support of it. I was quite visible and quite active and I studied that. And for a variety of reasons I decided that this was not a better option and rediscovered Hall and Rabuska's work of 1994 and moved onto the flat tax.

Now the flat tax, as it should have been written, and I want you to look at the struggle I had in '94. This tells you the difficulty of it. As it should have been written was "to pick the lowest rate you can for that level of revenue that you want." And by the way I never accepted the proposition of revenue neutrality because revenue neutrality tacitly accepts the level of government spending as it is. I have enough of starve the beast in me to think that we ought not to be revenue neutral.

So I came up short of revenue neutral. But originally one of the first and most important things I did was to drop

withholding tax. I think every American citizen ought to sit down at their kitchen table on the first of every month, write their bill to Sears, write their bill to Penny, write their bill to the gas company, write their bill to the phone company, cuss them all and write their bill to the government and cuss them at all. And then be drawn to the question what are those damn fools doing with my money, so that we become more discriminating in our taste for government. That got dropped because it got scored of \$10 billion and in the interest of trying to do all the things you have to do to make a bill acceptable.

I think you should have said no personal exemption, no itemized deductions, no nothing. Start from dollar one and everybody pays the same rate.

Obviously, you can bring the rate down to 10% or 11% if you do that. And you could accept the proposition that everybody ought to pay something, but obviously that would be, since it is absolutely zero progressivity, that would have a political problem of immense magnitude. And so we changed that and introduced it with a generous family exemption. So that, in fact, it raises the rate but it satisfied people like Olympia Snow who is the most tax progressive member of Congress.

Charlie Rangel during the President's tax bill, Charlie Rangel laughed at me and said I can't believe it. You guys are giving Olympia Snow things I'd be embarrassed to ask for.

[laughter] I said, Olympia Snow is the greatest income redistributor in Congress with her hand on that bill. It's fascinating to think because we Republicans tend to blame this on Democrats. But this is an income redistribution mechanism and that's all it really amounts to.

Now so we wrote it with those political compromises and even then you would see that this is, as it was written in 1994, this is fundamental tax reform in very bold terms. And what I'm beginning to learn more and more and more is that there are very few people who are prepared to undertake fundamental tax reform in very, very bold terms. I would say that what John Linder is talking about - throwing off the income tax altogether and switching to a sales tax is radical tax reform.

I would say what I'm talking about is fundamental tax reform. I don't believe we're going to get that. I'm not sure we will get an administration that will propose it, Commission or no Commission nor do I think we will have a Congress that would legislate it. So what do I expect to see? And I do expect to see something on this front in this next Congress. I expect the President to continue as he has done to move in the

direction that the pure leapfrog to the flat tax would take you by increasing tax credits and benefits and opportunities for savings with medical savings accounts and things of this nature. By focusing sharply on the end of double taxation of capital earnings, I think this is a very, very big part of what the President wants to accomplish. And by equating taxation of capital earnings taxed one time with taxation of labor earnings or individual income tax.

I think he is hopeful that there will be some tax simplification in the process. But he is more interested, I think, in a structural redefinition of the tax code to encourage savings and investment, leave a greater after tax reward for capital investments and business construction and treat capital earnings generically as it were the same way labor earnings are treated. And while this will probably be accomplished via substantial tax reform, it will not be fundamental tax reform. It will move in the direction of a flat tax, but frankly I'm not very optimistic that we will get where we ought to go. We ought to stop and appreciate the effort the President will make and the responsiveness that we can anticipate from the Congress.

One final point - before this President turns his attention to tax reform, I believe that he will, as he must, turn his attention to Social Security, retirement security

reform. And the reason is just the same as it always is. It is the most urgent thing that stands before us in public policy today. We are on the brink of the greatest financial crisis in the history of the world. And if he doesn't fix this thing and do it quickly, we have the most horrible Social Security nightmare you can imagine more so than you can imagine. And finally let me give you this little bit of historical insight.

For those of you who hear that personal retirement accounts is a radical unstable new idea, let me remind you that when they wrote the letter in 1936, the United States Senate actually reported initially that bill. It stands in the history of Congress as the one time when the Senate more got it right than the House. [laughter]

[applause]

Phil English: Well, thank you, that's a marvelous setup. These two gentlemen I think have both pursued ideas that are very powerful and have a great deal to contribute to the tax reform debate. And it's exciting to be on the Ways and Means Committee at a time when we are seriously contemplating moving forward on tax reform. About 10 years ago when I came to Ways and Means it was similarly a heady time. The Republicans had just taken over their majority and we were just beginning to feel, over the next few months, the limits of having a majority in Congress but not having a White House that we could work

with. And in that context I started to look at fundamental tax reform, going down perhaps the same path Dick did but taking a slightly different term.

I've come to the conclusion that what will work in tax reform is a hybrid that combines the principles that both of these men have articulated. And the hybrid that I've looked at, curiously my starting place was Nunn-Dominici, the model that put Dick off. That was, after all, an attempt to recreate the distributional effects of the existing tax code but with a much simpler tax system.

One, that simplified by a factor of 75% the existing tax code as opposed to . . . I think Dick may correct me on this, but I think his proposal was a 92% simplification. And the reason why simplification is important, as John Linder pointed out is the current tax system has created such a drag on the economy. Has, in effect, not only through the cost of tax planning but through the cumulative effect of economic decisions that this bent tax system imposes on the economy.

We have underperformed, and now it is increasingly apparent we are at a real competitive disadvantage in the global trading system. That's something that the recent debate on FISC has highlighted in a way that's particularly useful. I think for the first time it has engaged many rank and file members of the House of Representatives to consider what the

consequences are of having an international tax system that's so far out of whack, relative to those of our competitors.

I took a look at Nunn-Dominici because it was, I thought, a realistic approach to trying to find a hybrid. It had the incentives of a consumption tax system. It was a simplified income tax system. It was, in effect, a personal consumption tax. It was a tax only on that part of your income that you actually consume in a given year.

So what I proposed in my simplified USA tax is to create an unlimited Roth IRA. What I've also proposed, though, is to dramatically simplify the code and at the same time create a credit that would cover the cost of the payroll tax for working families. That credit, in effect, leaves a tax rate for working families in the range of 7% to 17%. I believe that's probably the best and most direct way of dealing with the payroll tax. Not a simplification certainly but the cumulative effect is to move in the direction of a simplified system.

What we've done on the international side, I think, is particularly important because I believe if we're going to retain an internationally competitive economy we need a tax system that takes into account the needs of capital intensive companies and goes in the direction of fully expensing. At the same time, and I know this is controversial, I believe firmly that we need to explore ways of moving in the direction of

border adjustability. That's something that John's tax system does and mine does as well.

Border adjustability is important because I think in order to have an apples-to-apples comparison you need to have imports paying the same taxes as domestic products. And, indeed, you need to avoid imposing a tax disadvantage on our exports. My tax system does precisely that by creating, in effect, an across-the-board 12% tax on imports. And, at the same time, removes all taxes on exports. As somebody who represents a manufacturing district, this is a tax system that we can sell to some unconventional constituencies that aren't normally engaged by tax reform.

I think a simplified USA tax is the kind of hybrid that ultimately we could build a coalition in Congress behind that could be potentially bipartisan and reach across the philosophical spectrum. The question here to ask is not only what principles we need to apply but how do we get to the kind of coalition that will produce a tax system that allows the economy to grow much faster, improves our national savings rate, and simplifies the code to reduce the drag on the economy?

And I think the solution could go in a number of different directions. I've proposed one that I think operates a little bit outside of the box. And I hope you'll all take the

opportunity to visit my Web site. The big disadvantage I have is when I get engaged in some of these talks I have to refer people to my Web site because these guys have tax systems that will fit on a bumper sticker and I don't. [laughter]

I'm not sure that's necessarily a disadvantage when we get into the real world. But the important thing is that we move in the direction of something that is simpler. That is, at least, arguably fairer and is going to encourage savings, encourage investment and go in the direction of a tax code that is sustainable and strong going into the 21st century. I believe that we have the opportunity working with the Commission, focusing on first principles to do just that. Thank you.

[applause]

Facilitator: I'm going to take the prerogative of the first question. And this is somewhat of a more expanded version of a question I asked Mr. Thomas. We have a situation where the last three tax bills aimed at individuals have actually made the tax code more progressive. We have the wealthiest 20% of Americans - I mean those are folks who earn more than about \$68,000 a year - pay 82% of all the income taxes.

On the flip side of that, we now have an expanding group of Americans who pay nothing - we estimate about 44 million.

Doesn't this dramatically make our jobs more difficult in reforming the tax code? We either get in a situation where if we expand the base and lower the rate, we end up putting people back on the rolls. And, by cutting the rate, we give tax cuts to the so-called rich because they're the only ones left paying the taxes. We almost painted ourselves into a corner.

Dick Armev: Let me just say, first of all, I actually sat in the conferences on all those bills you're talking about and I'll remind you of the story of Charlie Rangel laughing at me. We have a bipartisan coalition of income redistributors in the congressional process and it is almost impossible to beat them down. The President sent up a tax bill that was, by and large, a smart tax bill designed to encourage growth by encouragements to savings and investment and reduction of the top marginal rate.

And, as we took it through the legislative process, we constantly lost ground to the income redistributors. And I always argue, especially in President Bush's first bill, 50% of his bill was shanghaied by the income redistributors. And I think the one way to beat them is to put together a bill that is so tight, so complex, so defined by presidential leadership, so committed to by House and Senate leadership that you simply overrun them.

And I think you really just have to . . . it's sort of like of what we who watch defensive football understand to be a bull rush. We've just got to . . . that's the only way you do it. Because as the bill sits around in committee process, conference committee process and so forth, then the income redistributors gain strength and they gain to their numbers because a politician supports thinking they gain votes by appeasing people.

Phil English: I want to add that this is a dangerous bias too. About 47% of our income taxpayers are people who pay no income tax. And those people are disproportionate beneficiaries of government services. So they want more government and higher taxes because they get the benefits and they don't pay for them. Everyone was saying so don't tax him, don't tax me, tax that man behind the tree. [laughter]

The last two tax increases we had in 1990 and 1993 were sold to the American people on the promise that it would only raise the taxes for the top 2% of the income earners. The American people didn't fully understand was that it was redefined income, put more people in that class. But the 98% of them that thought they weren't going to be touched really didn't care. And, if you see the polls, on every tax cut you'll see a big story in the *Washington Post* and the *New York Times* that the American people really don't want this tax cut.

Guess why, they're not going to get it. It's going to the few people who are paying taxes. I want the next tax increase to be so compelling in need that my mother is willing to pay it.

[laughter]

John Linder: I agree with all that and I think part of the problem is that we really need to have a tax code that does broadly share the cost of government across class and income lines. And simply, as the left does, attributing a significant part of the tax burden to the payroll tax, which is obviously simply a Social Security contribution, is not enough.

So how do we get out of this box? I think part of the solution is to shift the terms of debate on fundamental tax reform to include not only, as these gentlemen have argued, giving people potentially a simplification of their taxes and even a tax break. But also argue for the overall economic importance. I realize border adjustability, for example, is very controversial. But if you can argue that a tax system is taxing imports in a way that's going to make domestic employment more competitive and more viable, that's an argument that you could take to some unconventional constituencies that would be willing potentially to see their taxes go up on the margins if they believe that the tax system no longer has incentives that potentially move their jobs offshore.

Dick Armev: Let me make a point - somebody has to say this at some place and it's always me that does this. The great fiction in tax folklore in America is that there's a disproportionate burden of taxes on the poor and the middle class. And a great fact, by any empirical measure, is that there's a disproportionate burden of taxes on the upper income and the wealthy. And both middle income and lower income earners in America pay less than a proportionate share of their income in taxes.

Now the facts are there. But if you listen to political discourse in America, the great line is the burden of taxes are falling on the middle class. Ladies and gentlemen that's not true. And the reason I dare to tell you that today is I am not now, nor ever again in the future, running for public office.

[laughter]

Facilitator: Can I ask to what extent is the President is already compromised in a way by saying that he would limit any tax reform or exempt from tax reform charitable giving or the mortgage interest deduction. Is he already down the slippery slope?

Phil English: He's coming down the road on the income tax - he's still talking about deductions as opposed to any other kind of consumption tax or value-added tax or sales tax. But I also think he's down the wrong road of the idea of a bipartisan

commission. The only thing that bipartisan commissions have done successfully in my lifetime is raise taxes. And I don't know how many bipartisan commissions we've had in the last dozen years that I've been here - the Kemp Commission, the Social Security Commission. I'm sure there are reports somewhere and we're going to do it again.

I think if George Bush puts a bipartisan commission in place to report at the end of 2005, which will then go to the Treasury and give them a year to study it and come for proposal it is too late because you never accomplish anything in the last two years of your presidency. I think he's got about 18 months to move and move aggressively and I think he should do that and sell it.

The American people are ready for change. The American people are so far ahead of the politicians it's frightening and he has to get out there and sell it.

Dick Armey: Let me just say from the point of view a fundamental reform, which is, I will argue the thinnest gruel you'll get in fundamental tax reform is the flat tax as I wrote it in 1994, which you probably remember the details of as what Steve Forbes ran on. That is the thinnest gruel in fundamental tax reform. And even within that tax context the President has compromised it away. If you let the whole mortgage deduction and charitable contributions at the end of the sty, you've just

got two pigs that are going to breed and it's just going to multiply all over the place. [laughter]

So the fact is that is not the end, that's just a pretty strong beginning. But I further believe that there is, in fact, very serious thinking going on in the White House and there is already a pretty strongly conceived plan and it is not, in fact, fundamental tax reform. And with in the context of what I believe to be the framework of thought the White House has I think the two exemptions are small potatoes. But let me make this point, this is a big deal and you know Phil. You've sat on that committee.

Whatever happens will be first and foremost what the President exercises a strong leadership on. You've got to have a president that grabs something and says I'm pulling this through the process and now you guys get in there and shove or nothing gets through. So the big player - the great elephant on the sidewalk is the White House and that is the beginning.

John Linder: I want to say something about charitable contributions. It got a lot of political attention but has very little meaning. Seventy-four percent of the money that goes to charity comes from businesses they run. Red Cross sells blood. Your university sells you hats and mugs.

The great fortunes that have been given away in this country - the Mellons, the Carnegies - were given away before

1913. The notion that people give money to charities for the deduction is just pure nuts. Two-thirds of us file short forms and don't take advantage anyway.

In 1980 we gave to charitable contributions of \$48 billion when the value at the margin at that margin of that contribution was 70%. Last year we gave almost \$200 billion when the value at the margin was dramatically reduced. You give more money to charities when you have more money in your pocket. And under my plan the average income earner will have a 56% increase in take home pay the next day.

Facilitator: Thank you very much.

Phil English: I guess I have a different take on it. I agree with John that perhaps the charitable deduction is not as important to the charitable community as it supposes. But I think it still represents a very powerful constituency. I also think that the mortgage interest deduction is something that is really beyond the pale to challenge. And I think that the White House was being realistic in putting it politically and putting these markers out there.

The other point I would make is that I believe that our committee is going to have an opportunity to rework some of the details. Our experience with the White House and with the Treasury in this administration has been that we have an opportunity to make moves on the margins and in the gray areas

that can actually significantly change the product. And in the end, I think if you look at Governor Bush's track record on tax reform, which I know Dick is very familiar with being a Texan.

I think that there's always been a pragmatism in the approach to reform in the interest of getting something passed. I believe we're going to be able to work with the White House. These two markers were politically necessary. What to me is more significant is some of the other things that we're not taking off the table, and that gives me a lot of hope.

Facilitator: Yes, sir, over on the left. This is the last question.

Facilitator: And with that, I would like to thank our panel. And I would like to thank all of you for taking part in today's conference. It's been an extraordinary event. I hope that you walk away with a better appreciation of not only the trends and global tax reform but some of the challenges that are ahead of us as we go about reassessing our own tax system and maybe picking one of the three we just heard from. Thank you all very much. Have a great afternoon and we'll see you again next year at the 68th annual conference.

[applause]