

## 32ND AMENDMENT (RC.5)

### *Social Values & Economic Value; Administrative Efficiency & Incentive Alignment*

#### SECTION 1

##### *Purposive Spending, Subsidies & Taxes; Perfecting Markets & Entrepreneurial Economics*

CLAUSE 1. To form more perfect markets,<sup>82</sup> reduce wasteful spending, and safeguard an entrepreneurial economy,<sup>83</sup> taxation, subsidization, and spending for purposes other than the purposes of the Clauses of this Section shall be prohibited.<sup>84</sup>

CLAUSE 2. Government agencies shall have the power to fund public works, projects or policies that are in the public interest, as determined by Congress or the States.

CLAUSE 3. Government agencies shall have the power to subsidize or tax any sectors, industries, economic activity, or businesses, in order to balance against anti-competitive advantages attained by achieving economies of scale, network effects, or other benefits of market entrenchment, as determined by Congress or the States.<sup>85</sup>

CLAUSE 4. Government agencies shall have the power to regulate, compete with, or grant antitrust exemptions to specific industries determined to be public utilities, as defined by Congress or the States, in order to ensure the People are the sole beneficiaries of economies of scale and network effects applied to inelastic goods and services.

CLAUSE 5. Government agencies shall have the power to subsidize or tax specific goods, economic activity, or businesses, in order to ease economic volatility during times of imminent or ongoing technological unemployment or other transition, as determined by Congress or the States.

CLAUSE 6. Government agencies shall have the power to subsidize or tax specific goods, economic activity, or businesses, in order to ensure accurate triple bottom lines, as defined in Amendment 3, as determined by Congress or the States.

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<sup>82</sup> The term "more perfect markets" is a value statement that reflects the Constitution's commitment to creating conditions under which free and fair competition can flourish. It is an acknowledgment that, while markets are not perfect, they can be made more perfect through policy choices that promote market efficiency and transparency.

<sup>83</sup> This spirit of entrepreneurship is a defining feature of the American Dream and land of opportunity – where people from all walks of life have the chance to start their own businesses and achieve success through hard work, determination, and innovation.

<sup>84</sup> The explicit delineation of the purposes for which taxation, subsidization, and spending may be used serves several interrelated functions. First, it provides much-needed clarity regarding the legitimate scope of government action in this arena. Second, by enumerating the specific goals that may be pursued through taxation, subsidy, and spending, it acts as a check on the expansion of government power under the Commerce Clause. Finally, it helps to ensure that resources are used efficiently and effectively, by limiting expenditures to those areas where they can realistically be expected to achieve their stated objectives.

<sup>85</sup> By ensuring that businesses do not gain an unfair advantage over their competitors, this helps to create conditions under which free market principles can flourish.

CLAUSE 7. Government agencies shall have the power to subsidize wages that provide a distinct, articulable, and substantial social well-being, as determined by Congress, the States, and local jurisdictions.<sup>86</sup>

CLAUSE 8. The President, and the executive of any State or local jurisdiction, shall have the power to veto, on a line-item basis,<sup>87</sup> any form of government spending, subsidy, or tax, enacted on the basis of Clauses 2 through 7 of this Section.

## **SECTION 2**

### *Taxpayer Fairness & Net Income; Standard Deductions & Living Wages*

CLAUSE 1. In order to ensure that personal taxable income represents a fair and accurate estimation of net income,<sup>88</sup> the standard deduction available to taxpayers shall be equal to the living wage in the jurisdiction in which they reside.

CLAUSE 2. Rates of taxation on income, as determined by Congress or the States, may vary by level of income, but shall be uniform regardless of the source of that income, including, but not limited to, wages and capital gains.<sup>89</sup>

CLAUSE 3. The Department of the Treasury shall have the power to determine the living wage for each jurisdiction, and shall have the responsibility to reassess these determinations every 2 years, and such reassessments shall be triple-locked<sup>90</sup> to the highest of: (i) inflation; (ii) the Consumer Price Index; (iii) or any other metric considered by the Department.

## **SECTION 3**

### *Unpaid Caregivers & Good Samaritans; Special Deductions & Community Service*

CLAUSE 1. In order to both encourage, and ensure the celebration of, charitable acts, volunteer work, caregiving services, good Samaritan behavior, and general community service, special

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<sup>86</sup> In order to ensure that the economy is working for the People as much as the People are working for the economy, it is the role of government to ensure that the economic value associated with the People's time and labor is reasonably related to the social values the People hold dear and the aspirational ideals articulated in both the Preamble of the Constitution and the Interamble herein. Subsidization of certain professions – such as teachers, caretakers, and first responders – will help ensure that essential workers are properly compensated, incentivized and nurtured.

<sup>87</sup> A line-item veto is a powerful tool that allows the executive to strike down specific line items in spending bills, without vetoing the entire bill. This can be useful in situations where the executive believes that certain spending is wasteful or unnecessary, but does not want to veto the entire bill.

<sup>88</sup> While businesses are able to deduct their costs of doing business from their gross revenue to calculate taxable income, the standard deduction was devised with the intention of providing a similar mechanism for individuals and families to deduct their costs of living. This deduction has not kept pace with actual costs of living, nor has the calculation of the poverty line upon which it often points to for justification.

<sup>89</sup> This means that all taxpayers must pay the same tax rate on their incomes, regardless of how they earn it. This uniformity requirement ensures that everyone is treated fairly and equally under the tax laws. It also prevents wealthy taxpayers from using loopholes to reduce their tax burden.

<sup>90</sup> Triple-locking refers to the rules by which an amount must be increased over time.

deductions shall be provided, in addition to the standard deduction, for hours spent dedicated to serving the general welfare of people and the People.

CLAUSE 2. Hours spent shall be deductible at the rate of minimum wage in the jurisdiction in which the service took place.

CLAUSE 3. AmeriCorps shall via its own designated chartering procedures, provide organizations with the ability to certify such service hours, which individuals can maintain as evidence of such service for tax filing purposes.

CLAUSE 4. Congress shall have the power to designate an alternative agency, process, or rules by which Clause 3 above is implemented and overseen.

## **SECTION 4**

### *Civil Servants & Public Pay; Competitive Compensation & Leveled Labor*

CLAUSE 1. To encourage civil service, ensure compensatory competitiveness with private industry, and retain expertise within government,<sup>91</sup> compensation of civil service shall be reevaluated and enacted every four years, within 90 days of the inauguration of the President, by a Compensation Committee of nine members, two of which shall be chosen by each of the House of Representatives, the Senate, and the Assembly of Shared Interests, and three of which shall be chosen by the President.<sup>92</sup>

CLAUSE 2. Compensation for civil service, as determined by the Compensation Committee, shall consider competitiveness within the overall labor market to attract capable candidates, a discount to ensure candidate dedication, and shall consist of a simple and transparent wage to preserve legitimacy.

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<sup>91</sup> The brain drain is the loss of skilled workers from a particular area or sector. In this instance, it refers to the loss of skilled workers from the public sector to the private sector. This can happen when public servants are not adequately compensated for their work, leading them to seek employment in the private sector where they can earn more money.

<sup>92</sup> There are a number of reasons why it is politically challenging for government to adjust compensation for government officials and public servants, including (i) any increase in compensation would need to be funded by taxpayers, which could be unpopular with voters who may see it as a waste of money; and (ii) there is the risk that increases in compensation could be used by opponents of the government to paint those in power as corrupt and self-dealing.