

THE GEO-SAMPLER

Welcome to a fittingly taxing edition of the GeoSampler. Yes, it's that time again. Spring is just around the corner, and with it comes one of the more dreaded events on the calendar, the deadline for filing federal tax returns. In this issue, we present a very abridged history of taxation, as well as some humorous, and definitely not recommended, deductions. Most importantly, we wish everyone a wonderful Spring filled with blue skies, warm weather, and good times.

NO TAXATION WITHOUT VEXATION

Mark Twain once said, "I shall never use profanity except in discussing house rent and taxes." Indeed, taxes are probably one of the more despised necessities of the modern world. However, they are one of the few social responsibilities that we have in common with our ancestors, whether they lived two hundred years ago, or two thousand. And throughout that time, they've been one of the most consistent causes of upheaval and dramatic change.

One of the earliest imposing of taxes occurred during the reign of Egypt's Pharaohs. At one point, a tax was levied on the use of cooking oil. Scribes (tax-collectors) were sent out to monitor and check on a family's use of oil to ensure that the proper amount was being used, and that it was not being recycled in an attempt to avoid payment. In Greece, where war was a constant occurrence, taxes were known as eisphora and were typically temporary. After the war's completion, the Greeks would rescind the tax and replace the lost revenue with the bounty acquired in their victorious military campaign.

Like many modern ideas, the roots of current taxation methods are found in the concepts and social structure of the Roman Empire. During his famous reign, Julius Caesar implemented a one percent sales tax, but he is not Rome's foremost tax innovator. That honor is held by Caesar Augustus, who, in a shrewd public relations maneuver, basically eliminated the central government's tax collector, placing the burden, and public scorn, on local governments to collect the revenue. More importantly, he introduced an inheritance tax of five percent in order to provide retirement funds for the military, a concept which continues to be used by some nations today.

One of the nations that took a page from Caesar Augustus' tax laws is Britain, and their developments became especially influential in the forming of modern-day tax structures.

According to legend, Lady Godiva rode naked on a horse through the streets of the town of

Coventry because her husband, the Earl of Mercia, promised to reduce the heavy taxes placed upon the residents if she dared to do so.

During the 14th century they introduced progressive taxation based on ability to pay. The 1377 Poll tax required the Duke of Lancaster to pay 520 times what a typical peasant would forfeit. A tax on moveable goods was imposed on merchants around the same time. More dubiously, the beginnings of the modern day income tax arose in 1800 during Britain's war with Napoleon. However, the

tax was repealed in 1816. Britain was also very fond of taxing its colonies, and the Sugar Act of 1765, which levied tariffs on molasses, sugar, wine and other goods, was followed by the Stamp Act of 1765 which taxed newspapers and legal documents produced in the American colonies.

These taxes did not have the intended result of generating revenue, to say the least. Taxation without representation became the battle cry of the American Revolution that freed the nation from the British Crown. As such,

the United States abandoned many of their former ruler's tax strategies and created its own system of taxes once it gained independence.

But the young nation soon learned that taxation with representation is not necessarily any more popular. In 1794 the Whiskey Rebellion sprung up west of the Alleghenies in opposition to Alexander Hamilton's excise tax. Government troops were needed to quell the unrest. Just four years later, Fries Rebellion began as a result of a property tax enacted to pay for an expansion of the Army in case of war with France.

After that, the tax code was adjusted and reworked constantly, often with intense grumbling over the constitutionality of such laws. Then, in 1913 the 16th amendment to the Constitution was passed, granting Congress the authority to tax citizens on all income, regardless of its source. Later, Albert Einstein of all people, would lament that, "The hardest thing in the world to understand is the income tax."

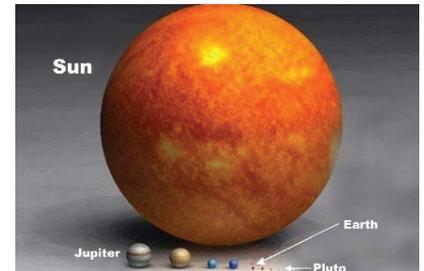
WHERE DOES THE MONEY GO?

Match the pie slices with the the actual Federal Government Spending for 2006.
answers on the back



- | | | |
|-----|---|------------------------------|
| 1% | ■ | a. Defense |
| 19% | ■ | b. Education |
| 20% | ■ | c. Environment |
| 20% | ■ | d. Income Security |
| 12% | ■ | e. Interest |
| 7% | ■ | f. International Affairs |
| 6% | ■ | g. Medicare & Medicaid |
| 9% | ■ | h. Non-Defense Discretionary |
| 4% | ■ | i. Other Entitlements |
| 2% | ■ | j. Social Security |

"Keep smiling, it makes people wonder what you're up to."



Famous Last Words

No, these windows are ok to lean on.

Don't worry, it's not that deep.

My brakes are fine.

What does this button do?

Nice doggy.

Is that what I think it is?

No, no, no, let me fix it!

He can't hear us, he's miles away

Don't worry, I'm sure it's dead by now.

Watch, I'll prove it!

Hey that's not a violin.

I've seen this done on TV.

Let it down slowly.

I wonder where the mother bear is?

Pull the pin and count to what?

Are you sure the power is off?

So, you're a cannibal.

What does this button do?

Don't touch the red button!"

Nah, I don't think we need to go to the hospital.

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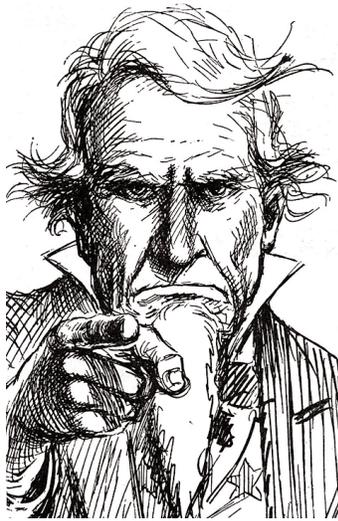
US Army Corps
of Engineers.

DEDUCING DEDUCTIONS

If you've ever had the painful experience of getting a raise, only to find that you've been bumped into a higher tax bracket (essentially nullifying the extra income), you've probably racked your brain for some way to claim a deduction that could save you some hard-earned cash come April. But remember, there is probably a reason "the IRS" spells THEIRS.

While "creative" tax preparation could possibly have a sizeable benefit, the penalties imposed for improper deductions typically make such efforts more trouble than they are worth. But of course that doesn't stop people from trying their best to beat the tax collectors at their own game. In an effort to help you avoid finding yourself in the same boat as many celebrities, here are some bad ideas courtesy of Bankrate.com.

A Pittsburgh furniture store owner was having difficulty selling his business. After a few years he decided to try another technique, he hired an arsonist. After receiving his insurance check worth \$500,000 (which he reported to the IRS as required), the man apparently felt invincible. That is really the only conceivable explanation for deducting the \$10,000 "consulting fee" he paid the fire-starter. Two years later both were in jail, the consulting fee deduction was voided



and a hefty fine was added the individual's debt to the government.

To many people television is a necessity, but that doesn't mean it is deductible. Despite that, a Spanish teacher came to the conclusion that he could deduct these costs because the only reason he purchased a television and the accompanying cable subscription was to watch the Spanish language channels, which would aid him in teaching his students.

One resourceful dog owner reasoned that because his dog provided protection, or "home security," he could

deduct the cost of dog food purchased throughout the year.

Finally, an elderly individual deducted the cost of his dentures, which had fallen into the toilet, claiming it an Act-of-God casualty loss.

WHERE DOES THE MONEY GO?

*f. International Affairs 1%, g. Medicare & Medicaid 19%,
j. Social Security 20%, a. Defense 20%, h. Non-Defense
Discretionary 12%, d. Income Security 7%,
i. Other Entitlements 6%, e. Interest 9%,
b. Education 4%, c. Environment 2%*

*Source: Congressional Budget Office, January 2007
and OMB, February 2007.*



WELCOME, J.P.

Please join us in welcoming our new director of geosynthetic testing, John Patrick (J.P.) Kline, P.E. An experienced engineer with a long background in innovation, J.P. brings more than 12 years of geosynthetics experience to our company. Through his work in both the private and public sectors, J.P. has been involved in the many facets of the industry. We think he'll be able to help you, too. To discuss any of your geosynthetics testing projects, please give J.P. a call or send him a note at jpkline@geotechnics.net. We think you'll like working with him as much as we do.



Our two facilities serve projects across the country.

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