

Excise Taxes

Primary Responsibility: TBD
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Overview

In April, the Coalition Against Regressive Taxation and the Economic Policy Institute each released studies addressing elements of the tax debate. We continue to work toward the release next month of the first of four tax studies commissioned by allied labor groups. Several excise tax projects involving allies in Washington, D.C., as well as in the states, are underway.

Highlights

Consulting economists' op-eds have all been written, reviewed and returned to the authors for placement. Of the 20 articles commissioned, 11 have been placed thus far. Most recently, Joseph Jadow's article appeared in the Tulsa Tribune; Cecil Bohanan's op-ed was published in the Muncie Star. Consulting economists also have followed up with the transmittal of the op-eds to Senators and Representatives from their states.

The Coalition Against Regressive Taxation (CART) released at a press conference in Washington, D.C., its study "Changes in the Progressivity of the Federal Tax System from 1980 to 1990." Media covering the Capitol Hill press conference included the Wall Street Journal, the Associated Press, UPI and BNA.

The Peat Marwick analysis for CART examines the impact of increasing federal consumer excise taxes on tobacco, alcohol and gasoline by \$20 billion and expanding the earned income tax credit (EITC) to mitigate the regressivity of the new taxes. The study finds that "reducing the regressivity of an excise tax by expanding the EITC would be expensive, and tax burdens would still be spread unequally" within lower income groups.

The Economic Policy Institute (EPI) also released its most recent study. "Are Americans on a Consumption Binge?" refutes the notion that Americans have been overconsuming and undersaving, and thus, that Congress should raise consumption taxes such as excises. The EPI study lays the groundwork for later activities, e.g., a tax policy conference that will continue to build the record against raising regressive consumer excise taxes.

Through April, both the House and Senate budget committees worked on their versions of a Fiscal Year 1991 budget resolution. House Budget Committee Chairman Leon Panetta met with the leadership of many organizations to solicit endorsements for the House budget

resolution, which contains \$14.9 billion in additional revenues. One ally endorsing the document urged the Committee to fund the programs through progressive, rather than regressive, measures.

The four labor-commissioned tax studies are on track. Early in the month, we received a document outlining promotion options for the studies examining the impact of taxes on working women, Blacks and Hispanics. Promotion of the study addressing senior citizens will be considered separately.

The Coalition of Labor Union Women (CLUW) study will be released late May, following the National Working Women's Awareness week. The study is being prepared for publication; the companion press materials will be developed and finalized next month.

Citizens for Tax Justice has requested Labor Management Committee support for a one-day tax equity conference. The event, to be held in May, will focus on tax policy changes in the 1990s, and involve representatives of labor and liberal think tanks.

We reviewed proposals submitted by Leadership for the New Century (LNC) and agreed, in concept, to support two new programs: a fair tax and a long-term health care program. These efforts will seek to expand the tax and health-care financing debate at the federal level. Possibilities also exist with elements of the LNC programs to involve state-level issues

The New Jersey Citizen Action (NJCA) tax fairness program is moving forward. A tax brochure outlining the inequities in the current New Jersey system was prepared and distributed to activists statewide. NJCA also is preparing a study that evaluates the existing tax structure, the Governor's proposal and NJCA's plan. Release is expected early next month.

The American Agriculture Movement's (AAM) 1990 media tour program got underway in April, as AAM representatives spoke on behalf of family farmers at Farm Aid IV. AAM's director met with members of the press and discussed the negative impact of government policies, including taxation, on rural Americans.

In addition, we received and approved AAM's proposal for the balance of this year's media program. Specifically, we obtained clearance from State Activities and Federal Relations on the tour sites. AAM will host its first dinner, combined with media outreach and visits with state legislators, in Louisiana.

The next AAM tour will involve contact with the agriculture and tax press in Washington, D.C., as federal tax matters and 1990 Farm Bill discussions intensify.

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The League of Rural Voters (LRV) prepared an op-ed endorsing the AAM 1989 tax study. LRV distributed the piece with a press release and an executive summary of the AAM study to its press list comprising reporters throughout rural America.

As in years past, TI is providing support to the Opportunities Industrialization Centers of America (OIC) for the production of the organization's annual report. We reviewed the text and the layout and design for the publication. We also met informally with OIC's Washington, D.C., representative.

We met with a representative of the National Chamber Foundation (NCF) as a follow up to earlier discussions of the NCF's upcoming taxation study. The next meeting, tentatively scheduled for early May, will focus on the specifics of authorship.

At our request, consultants covered and reported on two Congressional hearings: the Senate hearing on drug abuse and treatment and the House hearing on the Pepper Commission findings. [Tobacco was referenced, only tangentially, during the first hearing.]

Following the launch of California's Prop 99-funded anti-smoking media campaign, we worked through our California-based Hispanic consultants to assess the response of the state's Hispanic community to the ads. Several of the groups expressed interest in communicating their negative impression of the campaign, and their belief that public monies have been misspent, to their state representatives. We await word from State Activities to activate the groups.

At State Activities request, we asked some of our allies to respond to an excise tax increase proposal in Florida. AAM will mail an executive summary of its tax study, along with its anti-excise tax brochure, to state legislators from rural districts. In addition, a national veterans organization with ties to various community leaders in Florida is activating its contacts; phone calls to the governor and state legislators will be generated.

We learned last month that State Activities has made extensive use in Texas of consulting economist Michael Davis. Davis conducted editorial board briefings with Texas newspapers in several cities, including Dallas, Houston, San Antonio, Galveston and Corpus Christi. As a result, the San Antonio Light has published a favorable editorial.

The first set of state data cards to be revised moved forward last month. We coordinated the efforts of Public Affairs, State Activities and the Information Center staff to obtain the

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necessary data. The drafts for Kentucky, Georgia, Tennessee, Pennsylvania, Florida and Illinois are now in production.

We participated in a tax issue briefing for State Activities' new Northern Sector vice president.

We met with consultants to refine, and provide updated information for, the excise tax project timelines. The instrument enables us to monitor and track progress made on new undertakings for 1990. It will be updated bi-weekly.

Next Month's Goals

Continue to work with allied groups to reinforce their anti-consumer excise tax messages

Work with consultants and TI staff on the release of the CLUW study

Begin planning for 1991

Coordinate updating of second set of state data cards