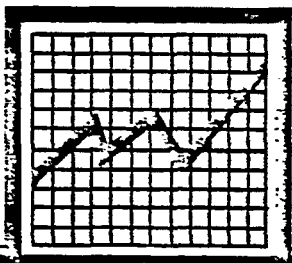


# FINGERHUT OPINION



# GRANADOS RESEARCH CO.

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March 27, 1986

TO: Citizens for Tax Justice  
FROM: Vic Fingerhut  
RE: Executive Summary of Results of March National Survey  
on Federal Tax Reform Proposals

Between March 19 and 22, 1986, our firm conducted a national telephone survey of 603 American voters. The survey measured attitudes toward tax reform proposals such as Senator Packwood's which would increase sales and excise taxes while maintaining current corporate tax breaks and loopholes.

By every measure and within every demographic subgroup, very large proportions of voters opposed proposals like this and indicated general support for ending corporate tax breaks and loopholes and keeping sales and excise taxes down.

The major findings are:

1. American voters -- Republicans and Democrats alike-- overwhelmingly believe that the major goal of current federal tax legislation should be making the tax system fairer by ending tax breaks for large corporations.
2. Strong majorities of American voters oppose Senator Packwood's proposal to boost consumer taxes in order to protect corporate tax breaks.
3. Members of Congress who vote to protect corporate loopholes by raising consumer taxes will find four out of five Americans (including 82 percent of Republicans) more likely to vote against them.

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1. American voters overwhelmingly believe that the major goal of current federal tax legislation should be making the tax system fairer by ending tax breaks for large corporations.

For example, 63 percent identify making "sure everyone pays their share" as the "most important objective of tax reform." Only 22 percent pick "reduction of individual tax rates" and even fewer, 11 percent, name "simplification of the tax code."

Likewise, when asked to choose their preferred means of reducing the federal deficit, 53 percent say make "corporations pay their fair share of taxes." Twenty-seven percent say "reduce defense spending" and only 21 percent choose "reducing domestic spending."

Underlining this strong support for ending corporate tax breaks were these findings:

- o Seventy-four percent do not believe that "large corporations in America pay their fair share of taxes compared to middle income people";
- o Seventy-one percent do not believe "tax breaks for large corporations are needed to stimulate investment, even if that means that some companies - like General Electric - end up paying no taxes at all";
- o Eighty-two percent oppose "a tax proposal that retained the tax advantages for American corporations to build plants in foreign countries and provide jobs outside the U.S.";
- o Seventy-six percent say "the issue of fair and equitable taxes for working and middle income American(s)" is very important to them "personally."

These unusually strong majorities were consistently found among all demographic subgroups, such as region, income, gender, political party identification, and age. The tables below display the responses of respondents from various geographic regions and income categories.

In the following table, it is notable that even two-thirds of respondents from the highest income category say that everyone paying a fair share of taxes should be the objective of tax reform.

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"What should be the most important objective of tax reform?"

	<u>Simplification</u>	<u>Everyone Pays Fair Share</u>	<u>Reducing rate for Individuals</u>
<u>Total</u>	11	63	22
<u>Census Region</u>			
Northeast	14	56	26
South	12	60	26
Midwest	10	68	16
West	10	68	19
<u>Income</u>			
Under \$15,000	6	66	22
\$15-25,000	9	63	24
\$25-35,000	17	59	22
Over \$35,000	15	67	16

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Again, by a margin of better than 3 to 1, the highest income respondents say corporations aren't paying their fair share of taxes.

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"Do large corporations in America pay their fair share of taxes compared to middle-income people?"

	<u>Yes</u>	<u>No</u>	<u>Not Sure</u>
<u>Total</u>	16	74	9
<u>Census Region</u>			
Northeast	13	77	8
South	24	68	8
Midwest	15	75	10
West	9	81	10
<u>Income</u>			
Under \$15,000	19	67	12
\$15-25,000	14	80	6
\$25-35,000	8	85	7
Over \$35,000	22	71	8

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"Tax breaks for large corporations are needed to stimulate investment, even if some companies -- like General Electric-- end up paying no taxes at all."

	<u>Agree</u>	<u>Disagree</u>	<u>Not sure</u>
<u>Total</u>	19	71	8
<u>Census Region</u>			
Northeast	23	68	8
South	22	70	7
Midwest	20	67	13
West	11	84	4
<u>Income</u>			
Under \$15,000	18	74	7
\$15-25,000	17	75	7
\$25-35,000	16	74	10
Over \$35,000	25	68	6

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"Would you favor or oppose a tax proposal that retained the tax advantages for American corporations to build plants in foreign countries and provide jobs outside the United States?"

	<u>Favor</u>	<u>Oppose</u>	<u>Not sure</u>
<u>Total</u>	9	82	7
<u>Census Region</u>			
Northeast	9	81	6
South	12	79	8
Midwest	6	87	6
West	6	84	10
<u>Income</u>			
Under \$15,000	11	83	5
\$15-25,000	10	80	6
\$25-35,000	5	88	7
Over \$35,000	9	84	5

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Furthermore, voters also support corporate taxation as a means of reducing the federal budget deficit. When asked to rank three possible means of reducing the federal budget deficit from their own first choice to third choice, corporate taxation was by far the respondents' first choice: 53 percent choose it as their first choice, compared to 21 percent choosing "reducing domestic spending," and 27 percent choosing "reducing defense spending."

Taken in conjunction with the fact that a full 86 percent of respondents also say that "large corporations should start paying their fair share of taxes before there are any increases in any taxes that ordinary working and middle-income Americans pay," this finding suggests that voters would not support raising sales or excise taxes without thorough corporate tax reform as a means of federal deficit reduction.

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Preferred means of reducing the federal deficit

	<u>First Choice</u>	<u>Second Choice</u>	<u>Third Choice</u>
Reducing domestic spending	21%	34%	45%
Making corporations pay their fair share of taxes.	53	37	10
Reducing defense spending.	27	29	44

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The following table shows that similar proportions of respondents from different regions made corporate taxation their first choice.

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Making corporations pay their fair share of taxes as a means of reducing the federal deficit.

<u>Census Region</u>	<u>First choice</u>	<u>Second choice</u>	<u>Third choice</u>
Northeast	56	36	8
South	54	35	12
Midwest	54	38	8
West	47	38	14

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2. Strong majorities of American voters oppose Senator Packwood's proposal to boost consumer taxes in order to protect corporate tax breaks.

When initially asked whether or not they favor "a proposal that increased by 50 percent the federal tax which American consumers have to pay for airfares, gas, tobacco, beer or other alcoholic beverages, to pay for tax loopholes for big corporations," 77 percent oppose the consumer tax hike.

The 14 percent that backed the tax increase were then asked if they would still favor it "if you found out that many large corporations pay a lower tax rate than ordinary middle income working families and many have paid no taxes at all in recent years." Most of these voters shift to opposition, leaving only 4 percent of all voters favoring a consumer tax increase.