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March 3, 1989

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Dear Bill:

As the 101st Congress shifts into gear, its objectives and the nation's recurring deficit will lead to another excise tax fight. Likewise, many state legislatures faced with inadequate revenues will look to excise tax increases to bolster their budgets.

You may hear some say there's no threat of an excise tax increase. But the fact remains that when government budgets are planned, desired expenditures frequently exceed expected revenues. And excise tax proposals are always in the first round of "cures" considered. The NTC must help defeat any increases in tobacco excise taxes - and the only way to do that is to act now.

WHAT'S WRONG WITH EXCISE TAXES?

1. Tobacco excise taxes hurt everyone in the tobacco family -- from seedbed to sales counter. Such taxes can mean lost income, lost jobs and a blow to the national economy, as well as our local economies.
2. Excise taxes in effect in the U.S. impose the heaviest burden on the poor and the middle class. The Congressional Budget Office found that, as a percentage of income, raising federal tobacco excise taxes would take three times more money from people earning under \$20,000 than it would from those families with incomes of more than \$50,000. The poor cannot afford memberships in country clubs, fancy sport cars, or fine restaurant meals. Must we unfairly tax their pleasure derived from the use of tobacco?
3. Excise taxes may compound our national and state fiscal problems. Legislators often attempt to earmark excise tax revenues to finance special programs outside of general government budgets. When you earmark excise taxes, the money bypasses normal legislative processes and is "hidden" to taxpayers.

HOW NTC MEMBERS CAN HELP.

Visit, call, or write a letter to your federal officials expressing your opposition to excise taxes. The more personal the contact, the better. Have each of your members do the same. Reprint this letter in your newsletters. The phone numbers and addresses of your key members of Congress are on the attached pages.

Also, I have enclosed a booklet that outlines several deficiencies inherent in excise taxes. If you need more copies, please let me know.

Please join in our group effort and see that your contacts and those by your people are made. You may want to remind your members that personalized individual letters receive more attention on Capitol Hill than repetitive "form letters." Use your tax letter-writing brochure in this effort.

Please let me know if you need help or more information. Be sure to report all results so I can keep everyone informed.

Sincerely,

Bruce L. Flye

Attachments (2)