

Excise Taxes

Primary Responsibility: TBD
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Overview

In May, the Administration and congressional leaders agreed to engage in "summit negotiations" on the federal budget deficit. Once the talks got underway, rumors surfaced that "everything" -- including taxes -- was on the table. Higher excises on cigarettes were said to be at the top of the list of revenue options. The threat that such regressive tax measures could be enacted prompted allied groups to intensify their anti-consumer excise tax activity.

Amid heated budget debates at the federal level as well as in the states, two new tax-related studies were released: one focusing on the impact of taxes on working women; the other assessing revenue options in New Jersey.

Highlights

Following the passage of the House budget resolution, the Administration and congressional leadership agreed to participate in a "summit" on the federal budget deficit. As the talks began, it was widely reported that the President's "no new tax" pledge would be broken, with an increase in the cigarette excise tax said to be at the top of the list of revenue options.

Our allies responded quickly to suggestions that regressive consumer excise taxes would be tapped for deficit reduction. Several organizations, on behalf of a variety of constituencies, contacted the budget negotiators and other Members, state delegations and select caucuses to voice opposition to such tax measures.

Groups participating in a grassroots letter-writing campaign opposing consumer excise tax increases include: Opportunities Industrialization Centers of America, National Vietnam Veterans Coalition, United Veterans of America, Brotherhood of Vietnam Veterans, state tax reform organizations (New Jersey, Iowa and Wisconsin) and labor groups.

In addition, the American Agriculture Movement (AAM) distributed its tax study findings to Members of both House and Senate tax-writing committees as well as the congressional negotiators. While in Washington testifying before Congress on the 1990 farm bill, AAM state representatives also discussed their concern about tax policy and its impact on rural Americans. AAM

distributed a press release to local media announcing its presence in Washington.

The Coalition on Human Needs (CHN) also activated its affiliates operating grassroots committees in select congressional districts. The CHN activists contacted Members in their home districts, emphasizing the need for fair and progressive federal tax policy.

We are implementing a new consulting economist op-ed campaign to increase the visibility of the case against using excise taxes for deficit reduction, while bringing the anti-consumer excise message to a wide audience. Twenty economists are preparing anti-excise articles for placement in newspapers in select congressional districts.

Articles from the earlier op-ed campaign, which debunk the excise tax/user fee connection, continue to appear in print. An op-ed prepared by consulting economist David Gay appeared recently in the Arkansas Democrat. The authors of other published articles have sent copies to their congressional representatives.

The Coalition of Labor Union Women (CLUW) released its study, "Women and Children First: An Analysis of Federal Tax Policy." The study examines the impact of excise, sales, income and payroll taxes on working women. It found consumer excises to be the most burdensome of such taxes.

News of the study's release was broadcast as the lead story on the Cable News Network through the day of the event; the Financial News Network also reported on the CLUW study release for several days. The major wire services also covered the press conference and ran the story. A video news release on the CLUW study was prepared and transmitted.

An executive summary based on the study was prepared and distributed with other press materials. An op-ed has been forwarded to major newspapers; it also will be sent to smaller papers by a matte service. A brochure based on the study is being prepared.

CLUW distributed the study to all members of Congress with a transmittal letter explaining how regressive tax measures adversely affect working women.

Citizens for Tax Justice (CTJ) held a one-day conference in Washington, D.C., entitled "Growth and Equity: Tax Policy Challenges on the 1990s." The conference focused on the need for progressive tax policy at the federal level and tracked CTJ Executive Director Robert McIntyre's sentiments expressed in a recent New York Times op-ed.

Senator Bill Bradley delivered the opening remarks in which he argued that the tax burden imposed on working people over the last decade has increased; he called for progressive measures as a remedy. Representatives from labor and business also participated in the conference.

Approximately 60 people attended the event, including members of the media and key staff from congressional tax-writing committees. In addition, C-SPAN televised its coverage of the conference.

The Economic Policy Institute (EPI) distributed its paper, "Investing the Peace Dividend: How to Break the Gramm-Rudman-Hollings Stalemate," to the media and members of Congress. EPI argues that the peace dividend should be used to fund public investment thus eliminating the need to rely on measures such as consumption taxes.

In addition to previously referenced items, AAM continues to gain visibility on tax matters. At the request of Senator Pryor, AAM will participate a month-long issue display in rotunda of the Russell Senate Office building. Materials will be made available through June that highlight AAM's concerns with the farm bill as well as the impact of economic policies on rural Americans.

We reviewed a proposed survey instrument and related materials that have been developed to assess the capabilities of the AAM state fair mailing list. We will meet next month with the research firm to discuss this project.

The League of Rural Voters (LRV) continues its media outreach on the tax issue. An LRV op-ed endorsing the AAM excise tax study appeared in the May edition of Farm Talk, a national agricultural magazine.

We met with representatives of the National Chamber Foundation (NCF) to discuss progress on the recently commissioned tax study. In light of the current budget summit negotiations and talk of possible tax increases, the NCF is expanding this effort to include a "working paper" on excise taxes, a primer on tax policy and an examination of the inefficiency of excise taxes at the federal and state level. We expect a draft of the working paper in June.

Consulting economist Robert Tollison has prepared a draft editorial on consumer excise taxes for Paraplegia News. The magazine is produced by the Paralyzed Veterans of America.

New Jersey Citizen Action (NJCA), a state-based tax reform group, released its study, "The New Jersey Tax System: It's Broken.

How to Fix It." The report examines the state's current tax system, the governor's proposal and NJCA's recommended tax plan. Newspapers throughout the state covered the release. The group plans to follow up with the media and will participate in editorial board briefings with key state newspapers.

Production continues on the first set of state data cards to be updated. The next states identified as candidates for revision include: Montana, New York, New Jersey, Michigan, Colorado and Oregon.

Work continued on planning the tax program for 1991. Last month, we met with State Activities Division staff to discuss their anticipated resource needs for next year. We also solicited project ideas from consultants.

We prepared a list of talking points on 1990 federal and state excise tax projects for a staff presentation to the Communications Committee.

Next Month's Goals

Complete work on CLUW tax study brochure

Review APRI draft study; work with consultants and staff on promotion of the study

Continue implementation of consulting economists' op-ed campaign

Continue work on state data cards

Continue development of 1991 tax plan