

## Excise Taxes

Primary Responsibility: TBD  
Carol Hrycaj

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### **Overview**

In March, Ways & Means Committee Chairman Rostenkowski released his plan to reduce the federal budget deficit, which includes raising excise taxes on tobacco. Allies in Washington and in the states responded to his proposal, arguing that any revenue measures considered should be progressive rather than regressive. Other coalition efforts during the month continued to build the record against excise tax increases.

### **Highlights**

Citizens for Tax Justice (CTJ) responded to Ways & Means Chairman Rostenkowski's deficit reduction plan at a press conference in Washington, D.C. CTJ presented an analysis of the proposal explaining that several of the initiatives would place an enormous burden on average taxpayers. CTJ offered a list of alternatives to regressive taxes such as excises.

The Coalition on Human Needs (CHN) is preparing to respond to the Rostenkowski proposal. CHN has begun coordinating a letter-writing campaign with affiliates participating in its congressional district campaign. In addition to the Ways & Means Chairman, targets include other committee members representing districts in those states. The CHN affiliate in Chicago plans to visit Rostenkowski in his district office during the mid-April recess; other affiliates are making similar plans.

The consulting economist's excise tax/"user fee" op-ed program continues to generate results. We reviewed several draft articles and returned them to the authors for placement. Published articles in March include: Dwight Lee, Macon Telegraph and News; Michael Babcock, The Topeka Capital-Journal; and Clifford Dobitz, the Grand Forks Herald.

The Economic Policy Institute (EPI) continued to build the record against excise tax increases while repackaging the report it released last year. We provided support for a Financial News Network story on EPI's "Progressive Answer to the Fiscal Deficit," which aired twice in March. In addition, a shorter version was prepared and transmitted as a video news release.

EPI's new study, "Are Americans on a Consumption Binge: The Evidence Reconsidered," went to print last month. Originally scheduled for a March release, the study will be promoted

early next month. To maximize media coverage, a press breakfast will be held in lieu of a Hill briefing.

The Florida Council of Senior Citizens (FCSC) passed two resolutions on health care during its annual convention. FCSC resolved that any health care system should be financed by progressive revenue sources to ensure that the burden is shared equitably by all of society. The organization represents 50,000 individuals in the state.

David Wilhelm and Bob McIntyre were among the participants at the California Congress of Seniors' (CCS) annual conference. In two workshops on fair tax policy (characterized as "extremely interactive"), Wilhelm discussed the concepts of progressivity and regressivity; he encouraged attendees to oppose unfair taxes.

McIntyre delivered a luncheon address during which he reiterated opposition to elements of Rostenkowski's plan that would increase the burden on working families.

During the event, CCS presented a "Tax Justice" award to U.S. Congressman Robert Matsui (D-CA) and California Assemblyman Richard Floyd.

We received the draft tax study commissioned by the Coalition of Labor Union Women (CLUW). The study is scheduled for a May release. Additional work with CLUW included the production of a package of membership materials for the organization.

Work on three other labor-related tax studies continues. We anticipate reviewing the A. Philip Randolph Institute report mid-April, the National Council of Senior Citizens report late April and the Labor Council for the Advancement of Latin American Citizens study mid-June. A promotional plan for these studies (including CLUW) is in development; it is expected next month.

The concept for the American Agriculture Movement's (AAM) proposed media tour/dinner program has been approved. A new undertaking for AAM, the effort will be supported this year in lieu of the state fair program. We expect a proposal outlining details of the program, as well as tour sites, early next month.

While we await the proposal for the full media program, we elected to authorize public relations support for AAM in April. AAM's National Director will travel to Indianapolis for the Farm Aid IV concert, where he will serve as the official spokesperson on behalf of family farmers. AAM will use the opportunity to discuss the 1990 farm bill as well as other issues of concern to

AAM, including fair taxation. Reports indicate that media interest in the event is high.

Last month, we revisited the AAM list testing project. Currently, we are in the process of developing a method to survey the AAM state fair mailing list. Under consideration is a proposal from a survey/research consultant to test a representative sample of the list, thereby enabling us to gauge the responsiveness of the entire list.

The League of Rural Voters (LRV) has endorsed the findings of the AAM 1989 excise tax study. LRV will announce its support of the study's findings next month by distributing a press release to its list of media contacts. It also will carry an article on rural issues (including taxation) in its April newsletter.

The Coalition Against Regressive Taxation (CART) commissioned Feat Marwick to analyze the degree to which the tax system has changed over the last decade. Specifically, the study will examine the impact of a \$20 billion excise tax increase, and efforts to offset the regressivity of the taxes by expanding the earned income tax credit. The study's findings will be released at a press conference in early April.

Last month, we met with a representative of the National Chamber Foundation (NCF). We have agreed to provide support for NCF's study on the inefficiency of excise taxes. The study also will consider revenue options as alternatives to regressive excises.

At the request of Federal Relations and a member company, we developed a one-page document on the earned income tax credit (EITC). The document, prepared in light of recent proposals to raise excises and offset the regressivity by expanding the EITC, argues that this effort would not effectively reduce the burden of excises. The EITC also would be costly, thus defeating the purpose of raising the taxes for deficit reduction. The one-pager will be used as both a lobbying tool and an informational piece.

At State Activities' request, we prepared an assessment of Public Affairs resources in Florida. We evaluated the potential for labor, agricultural, Hispanic and veterans groups to respond to the governor's proposal, and pending legislation, to raise the cigarette excise tax in Florida by 19 cents. We will activate the appropriate resources as State Activities advises.

Following the meeting in February on bootlegging cigarettes in the states, we received a proposal from consulting economists to conduct an in-depth analysis on the issue. We have commented on

the plan generally, and await State Activities' assessment of the document.

Consulting economists made presentations on tax earmarking during the Southwestern Social Science Conference in Fort Worth, Texas. Robert Ekelund chaired the session "The Political Economy of Tax Earmarking." Participants included: Richard Wagner, Dwight Lee and Robert Tollison. The presentations were based on material that will be contained in the upcoming treatise on earmarking.

Work has begun on updating the series of state data cards. We will work with the Information Center, State Activities and Production Services on the project. The first states to be addressed are: Kentucky, Florida, Georgia, Illinois, Pennsylvania and Tennessee.

**Next Month's Goals**

Consider AAM media tour/dinner program proposal

Consider promotional options for labor tax studies

Release EPI consumption study

Coordinate production of first series of state data card updates