



Consumer Excise Taxes:

A Heavy Hit

on Working Families

## A Free Ride for the Wealthy

Over the past decade, wealthy individuals and large corporations in America have received windfalls in tax breaks and giveaways.

For average working families, any tax breaks they received were more than offset by tax increases — increases that have overshadowed advancements in wages. As a result, working Americans have fallen further behind the wealthy. This massive shift in the tax burden from the rich to workers and their families is a national scandal.

The labor movement has traditionally fought for a fair, progressive tax system. Union members have always been willing to pay their fair share to fund services and programs provided by federal and state governments. But over the past decade, we have been carrying the load while wealthy Americans and large corporations have received a free ride.

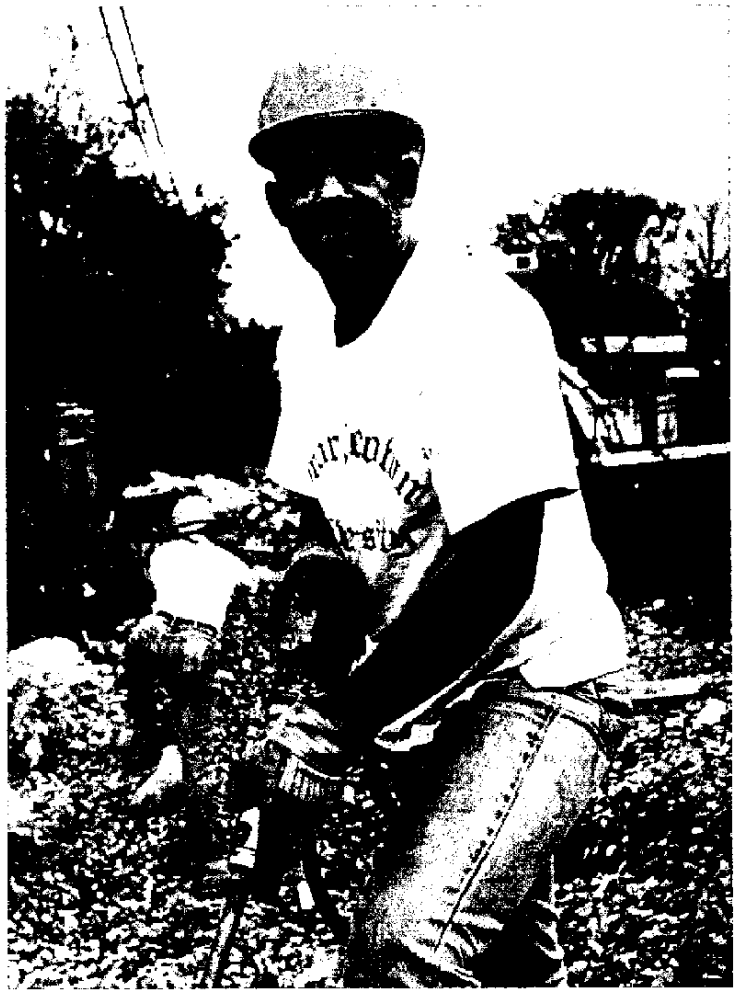
Federal and state budget deficits are growing out of control, largely because of tax cuts given to the wealthy and to large corporations. So once again lawmakers at all levels of government are looking at new taxes. The decisions they make will have a huge impact on workers and their families. Our standard of living, quality of life and, for many union members, jobs are at stake.

## Excise Taxes Are Unfair to Workers and Their Families

One tax option that always receives attention from lawmakers is consumer excise taxes — taxes on everyday items like gasoline, beer and alcohol, cigarettes and telephone service. When lawmakers choose consumer excise taxes, it is another victory for the rich and for corporate America because excise taxes hit hardest at working families.

Consumer excise taxes are regressive and unfair because everyone pays the same rate, whether they earn \$30,000 a year or \$300,000 a year. Workers pay a greater share of their income in these consumption taxes than the wealthy. In fact, according to the Congressional Budget Office, consumer excise taxes are the most unfair form of taxation.

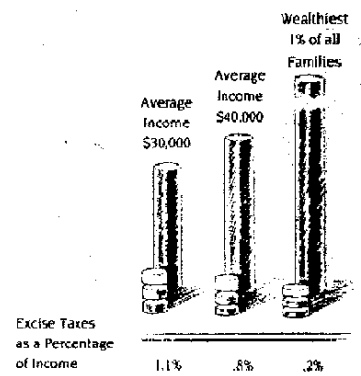
At first glance, the impact of consumer excise taxes is hard to see. They are "hidden taxes." They chip away at family income — a few extra cents hidden in the price of a gallon of gas, a few more in the cost of a pack of cigarettes, a few in your next telephone call. The burden they impose on working families is not as obvious as other forms of taxation.



Consumer excise taxes take more from working families than from the wealthy.

- Tobacco Taxes
- Alcohol Taxes
- Gasoline Taxes

Sources:  
Citizens for Tax Justice  
and the Congressional  
Budget Office



You will not find consumer excise taxes listed on the receipts you carry away from the gas station or the grocery store. These taxes are hidden in the price of the products and services you buy. Unfair excise taxes hit you day in and day out — often without your even knowing it.

Some supporters of consumer excise taxes claim that such taxes are fair. They say spending in any one year reflects not only earnings in that year but also what a family might expect to earn over an entire lifetime. Thus, young families might spend more because they assume they will make more money in the future. This is called a "lifetime income" concept.

The "lifetime income" theory might be fitting for a law school graduate or medical student, but it doesn't make sense for most working Americans.

Some advocates of higher consumer excise taxes claim that excise taxes are fair because everyone — rich, middle income and poor — spends about the same amount. But what really matters is how much money remains after shopping is done, and the consumer excise taxes are paid.

The very rich have more money left over after paying excise taxes on gasoline, beer and cigarettes than working families who are struggling to make ends meet.

Some proponents of excise taxes also argue that the money from such taxes should be "earmarked" to pay for various government programs or services. However, services enjoyed by all should be paid for by all — rather than singling out consumers of select products. Government programs or services should be funded through fair taxes — with those who can afford to pay the most carrying the greatest share of the burden.

No matter how you cut it, consumer excise taxes are unfair and place too large a burden on working families.

### Multiple Threats to Working Families

Consumer excise taxes do not just strain working families' household budgets, they hurt workers in the companies that produce and use the taxed goods. A gasoline tax means higher costs for the transportation industry, threatening the jobs of workers in that industry. The same is true for workers in the telephone, beer and alcohol and tobacco industries, many of whom are union members.



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