

HDC3092431 224625101 016311 86218 055753

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ACCEPTANCE: 224625101 TERMINAL: 436171 ACCOUNT: HDC3092431
 CONFIRMATION COPY NOT REQUESTED. TYPE OF TRAFFIC: MG JULIAN: 86218
 CONFIRMATION TYPE: N/A

THE HONORABLE SAM GIBBONS
 HOUSE WAYS & MEANS COMMITTEE
 2204 RAYBLUM HOUSE OFFICE BUILDING
 WASHINGTON DC 20515

6 AUGUST 1986

DEAR MR. GIBBONS:

I AM WRITING TO THANK YOU FOR YOUR CONTINUED OPPOSITION TO EXCISE TAXES - THOSE LEVIED ON LIQUOR, AIRFARES, AND ALL GOODS OR SERVICES, BUT PARTICULARLY THOSE LEVIED ON CIGARETTES.

AS THE EXECUTIVE DIRECTOR OF THE LEAGUE OF UNITED LATIN AMERICAN CITIZENS, LULAC, THE NATION'S OLDEST AND LARGEST HISPANIC MEMBERSHIP ORGANIZATION, I OPPOSED TO EXCISE TAXES BECAUSE OF THEIR ADVERSE EFFECTS ON THE MEMBERSHIP OF THE ORGANIZATION I REPRESENT.

AS YOU KNOW, EXCISE TAXES ARE REGRESSIVE. THEY DISPROPORTIONATELY IMPACT MIDDLE- AND LOWER-INCOME WORKING PEOPLE - A LARGE NUMBER OF WHICH ARE HISPANIC. IN FACT, THE PERCENT OF INCOME TAKEN BY EXCISE TAXES AMONG INDIVIDUALS IN LOWER TAX BRACKETS IS TEN TIMES AS HIGH AS THAT PAID BY INDIVIDUALS WHO EARN MORE THAN \$50,000 A YEAR. THE PROPOSED 8-CENT INCREASE IN THE CIGARETTE EXCISE TAX, FOR EXAMPLE, WILL SIMPLY AGGRAVATE THIS ALREADY UNFAIR SITUATION.

MOREOVER, IT IS THE SMALL, LOCAL BUSINESSES RATHER THAN LARGE MANUFACTURING OPERATIONS THAT ARE MOST OFTEN HARDEST HIT BY EXCISE TAXES - SUCH AS SMALL, HISPANIC-OWNED BIF NESSSES. AS A RESULT OF AN EXCISE TAX INCREASE, REGULAR CUSTOMER, AT SMALL, LOCAL BUSINESSES BEGIN SHOPPING AT LARGER STORES THAT CAN ABSORB THE INCREASED TAX WHICH SMALL BUSINESSES CANNOT. SALES SUBSEQUENTLY DROP, AND SMALL BUSINESSES QUIETLY GO OUT OF BUSINESS.

AN INCREASE IN EXCISE TAXES ALSO WILL RESULT IN A SUBSTANTIALLY LARGER UNDERGROUND MARKET. UNDERGROUND MARKETS CHARGE LOWER PRICES AND CONSUMERS ARE NEVER FORCED TO PAY THE COST OF GOODS AND SERVICES MARKED-UP BY EXCISE TAXES. BLACK MARKET SALES ARE PARTICULARLY ATTRACTIVE TO CONSUMERS, BUT THEY HAVE A SERIOUS NEGATIVE EFFECT ON PRIVATE SECTOR PROFITS AND GOVERNMENT RECEIPTS.

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CONGRESSMAN, THE ECONOMIC EFFECTS OF EXCISE TAXES ARE DAMAGING. FOR THIS REASON, AND THOSE SPECIFICALLY MENTIONED ABOVE, I APPLAUD

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THE HONORABLE FRANK GUARINI
 HOUSE WAYS & MEANS COMMITTEE
 2458 RAYBURN HOUSE OFFICE BUILDING
 WASHINGTON DC 20515

6 AUGUST 1986

DEAR MR. GUARINI:

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THE HONORABLE ROBERT MATSUI
 HOUSE WAYS & MEANS COMMITTEE
 231 CANNON HOUSE OFFICE BUILDING
 WASHINGTON DC 20515

6 AUGUST 1986

DEAR MR. MATSUI:

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 CONFIRMATION TYPE: N/A

THE HONORABLE J. J. PICKLE
 HOUSE WAYS & MEANS COMMITTEE
 242 CANNON HOUSE OFFICE BUILDING
 WASHINGTON DC 20515

6 AUGUST 1986

DEAR MR. PICKLE:

I AM WRITING TO THANK YOU FOR YOUR CONTINUED OPPOSITION TO EXCISE TAXES - THOSE LEVIED ON LIQUOR, AIRFARES, AND ALL GOODS OR SERVICES, BUT PARTICULARLY THOSE LEVIED ON CIGARETTES.

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 CONFIRMATION TYPE: N/A

THE HONORABLE WILLIAM H THOMAS
 HOUSE WAYS & MEANS COMMITTEE
 324 CANNON HOUSE OFFICE BUILDING
 WASHINGTON DC 20515

6 AUGUST 1986

DEAR MR. THOMAS:

I AM WRITING TO THANK YOU FOR YOUR CONTINUED OPPOSITION TO EXCISE TAXES - THOSE LEVIED ON LIQUOR, AIRFARES, AND ALL GOODS OR SERVICES, BUT PARTICULARLY THOSE LEVIED ON CIGARETTES.

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YOUR OPPOSITION TO EXCISE TAXES -- NOW AND IN THE FUTURE.

SINCERELY,

JOE TREVINO
EXECUTIVE DIRECTOR
LEAGUE OF UNITED LATIN AMERICAN CITIZENS (LULAC)

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THE HONORABLE SAM GIBBONS
 HOUSE WAYS & MEANS COMMITTEE
 2204 RAYBLUM HOUSE OFFICE BUILDING
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THE HONORABLE FRANK GUARINI
 HOUSE WAYS & MEANS COMMITTEE
 2458 RAYBURN HOUSE OFFICE BUILDING
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 HOUSE WAYS & MEANS COMMITTEE
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THE HONORABLE J. J. PICKLE
HOUSE WAYS & MEANS COMMITTEE
242 CANNON HOUSE OFFICE BUILDING
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AS YOU KNOW, EXCISE TAXES ARE REGRESSIVE. THEY DISPROPORTIONATELY IMPACT MIDDLE- AND LOWER INCOME WORKING PEOPLE - A LARGE NUMBER OF WHICH ARE HISPANIC. IN FACT, THE PERCENT OF INCOME TAKEN BY EXCISE TAXES AMONG INDIVIDUALS IN LOWER TAX BRACKETS IS TEN TIMES AS HIGH AS THAT PAID BY INDIVIDUALS WHO EARN MORE THAN \$50,000 A YEAR. THE PROPOSED 8-CENT INCREASE IN THE CIGARETTE EXCISE TAX, FOR EXAMPLE, WILL SIMPLY AGGRAVATE THIS ALREADY UNFAIR SITUATION.

MOREOVER, IT IS THE SMALL, LOCAL BUSINESSES RATHER THAN LARGE MANUFACTURING OPERATIONS THAT ARE MOST OFTEN HARDEST HIT BY EXCISE TAXES - SUCH AS SMALL, HISPANIC-OWNED BUSINESSES. AS A RESULT OF AN EXCISE TAX INCREASE, REGULAR CUSTOMERS AT SMALL, LOCAL BUSINESSES BEGIN SHOPPING AT LARGER STORES THAT CAN ABSORB THE INCREASED TAX WHICH SMALL BUSINESSES CANNOT. SALES SUBSEQUENTLY DROP, AND SMALL BUSINESSES QUIETLY GO OUT OF BUSINESS.

AN INCREASE IN EXCISE TAXES ALSO WILL RESULT IN A SUBSTANTIALLY LARGER UNDERGROUND MARKET. UNDERGROUND MARKETS CHARGE LOWER PRICES AND CONSUMERS ARE NEVER FORCED TO PAY THE COST OF GOODS AND SERVICES MARKED-UP BY EXCISE TAXES. BLACK MARKET SALES ARE PARTICULARLY ATTRACTIVE TO CONSUMERS, BUT THEY HAVE A SERIOUS NEGATIVE EFFECT ON PRIVATE SECTOR PROFITS AND GOVERNMENT RECEIPTS.

IT IS COMMONLY ACKNOWLEDGED THAT AS EXCISE TAXES INCREASE THE COST OF GOODS AND SERVICES, THEY SIMULTANEOUSLY ERODE SALES. WHAT IS OFTEN OVERLOOKED OR FORGOTTEN, HOWEVER, IS THAT LOST SALES AFFECT NOT ONLY PRODUCERS AND THEIR PROFITS, BUT ALSO EMPLOYEES AND THEIR JOBS. CONSEQUENTLY, ANY REVENUES AMASSED BY EXCISE TAXES MUST BE WEIGHED AGAINST THOSE LOST TO EMPLOYEE OR CORPORATE INCOME TAXES.

CONGRESSMAN, THE ECONOMIC EFFECTS OF EXCISE TAXES ARE DAMAGING. FOR THIS REASON, AND THOSE SPECIFICALLY MENTIONED ABOVE, I APPLAUD

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ACCEPTANCE: 224625105 TERMINAL: 436171 ACCOUNT: HDC3092431
 CONFIRMATION COPY NOT REQUESTED. TYPE OF TRAFFIC: MG JULIAN: 86218
 CONFIRMATION TYPE: N/A

THE HONORABLE WILLIAM H THOMAS
 HOUSE WAYS & MEANS COMMITTEE
 324 CANNON HOUSE OFFICE BUILDING
 WASHINGTON DC 20515

6 AUGUST 1986

DEAR MR. THOMAS:

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YOUR OPPOSITION TO EXCISE TAXES -- NOW AND IN THE FUTURE.

SINCERELY,

JOE TREVINO
EXECUTIVE DIRECTOR
LEAGUE OF UNITED LATIN AMERICAN CITIZENS (LULAC)

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