

MEMORANDUM

9/11/86 Thu 16:29:54

TO: WILLIAM KLOEPPER  
FROM: FRED PANZER  
SUBJECT: COUNTER COALITION TAX FACT SHEET

See edits.  
Distribution possible  
today / Monday?  
K 9/12

Follow up  
Respond to  
WJK

The COSH so-called fact sheet is primarily a show of strength. We can counter with our own display of groups opposing using a regressive excise tax, such as the cigarette tax, to balance the budget. You already have such an array. It will be alphabetized to accompany our own "real" fact sheet, which is attached.

Beyond the war of words, I would love to see an amendment (or the rumor of one) to raise revenue from a source dear to the heart of the AMA or other groups in the Coalition. Taxing the advertising income of JAMA and JAPHA, say, or change the the tax-exempt status of charitable organizations that spend too much for lobbying purposes.

Attachment

cc: Peter Sparber

12.46

## THE REAL FACTS ON THE FEDERAL CIGARETTE EXCISE TAX

Federal tax policy is really too important to be left to overzealous groups whose single interest is too stamp out smoking, to achieve a "smoke free America" by the Year 2000. They tried and failed with the Tax Reform bill. And now they're at it again. Their latest target of opportunity is the ~~Senate~~ Budget Reconciliation Bill. Don't let them muddy the waters!

To raise the price of a commonly-used consumer product -- like cigarettes or, for that matter, beer, wine, alcohol, etc -- in order to make it too expensive for people to use is regressive taxation. Disturbingly elitist, because it punishes the poor into abstinence while it permits the affluent to indulge.

Above all, a cigarette excise tax <sup>would only be a drop in the deficit bucket</sup> can't come close to raising adequate revenue to plug the deficit gap.

### Some Facts about this Futile and Unfair Tax:

- o The effective <sup>A</sup> tax rate for low-income American household, <sup>cigarette</sup> (in the under-\$20,000 a year ~~bracket~~) is almost ten times higher than ~~that of~~ households in the over-\$100,000 a year ~~income~~ group. <sup>far</sup>
- o <sup>Heavy</sup> Higher than average tax burdens are experienced by Hispanic households and those headed by a working woman, with effective tax rates of .34 and .35 per cent respectively.
- o The highest tax burden falls on blue collar households, with a .42 per cent effective rate, and Black households, with a .43 per cent rate.

PLEASE NOTE: VERY FEW OF THE MEMBERS OF THE AMERICAN MEDICAL ASSOCIATION OR OTHER ELITE ORGANIZATIONS ~~IN THE COALITION~~ ENDORSING A HIGHER CIGARETTE EXCISE TAX ARE LIKELY TO FOUND IN THE LOW INCOME GROUP OR IN HOUSEHOLDS HEADED BY WORKING WOMEN, BLACKS, HISPANICS, OR BLUE-COLLAR WORKERS.

The Antismoking Coalition Health totally ignores any policy issue regarding other suspected health hazards. It is silent about taxes on toxic waste, acid rain, or any emission from tail pipe, smoke stack or nuclear reactor. It is blind to the health threat that might be posed by any other life style, industrial or cultural factor of our society.

If the antismoking elitists feel that smoking should be banned, let them ask for legislation to revisit the Volstead Act.

If their intention is to control the behavior of the low income working class by forcing them to bear the brunt of a regressive tax hike, don't let them sabotage important national legislation with their single-issue crusade.

If the legislative history of Tax Reform imparts any lesson, it is that the American people reject a tax code that is used to control behavior -- either through tax preference for the rich or tax penalties for the poor.

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↑  
unfair or

GROUPS OPPOSED TO EXCISES TAXES

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