

Ray McNally & Associates, Inc.
CAUTI 'PROP 99 EDITORIAL & ARTICLE

Draft 1

EDITORIAL

No on Unfair and Discriminatory Taxes
No on Proposition 99

Proposition 99 singles out one group of Californians for a staggering 250% tax increase -- and that's just not fair.

Worse, the tax imposed by Proposition 99 is "regressive," meaning it will have the biggest impact on those who can least afford to pay -- working families, the poor and people living on fixed incomes.

Based on a study by the Congressional Budget Office, the new tax would hit working families up to 15 times harder than wealthy taxpayers.

Last year the National Black Caucus of State Legislators opposed a similar plan to raise the federal tax on cigarettes, arguing that such taxes place an unfair burden on lower wage earners and the poor.

California's working families already pay more than their fair share of the taxes. A recent study by Citizens for Tax Justice showed that California's sales and excise taxes take nearly five times as much out of the pockets of poor families than they do from the wealthy. The report also

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revealed that regressive taxes, like Proposition 99, take three times more out of the earnings of middle-income families than the wealthy.

Proposition 99 will make this unfair situation even worse. Under the initiative, working men and women who earn just 7% of all wages paid in California will be obliged to pay almost 40 percent of the new tax.

Proposition 99 is unfair and discriminatory -- and must be defeated.

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ARTICLE

PROP. 99 TAKES FROM POOR, GIVES TO RICH

Proposition 99 would triple California's tobacco tax, imposing a highly regressive tax on those who can least afford to pay -- working families, the poor and older taxpayers living on fixed incomes.

More blue collar and lower income workers smoke than middle and higher income Californians -- and they spend a greater portion of their income on tobacco products. As a result, working men and women who earn just 7 percent of all wages paid in California will pay about 40 percent of the new tax.

How Prop. 99 Hurts Low-Income Californians

Under Proposition 99, a one-pack-per-day smoker would pay an additional \$91.25 in cigarette taxes and \$5.48 in additional state sales taxes every year.

The cigarette tax hike also would wipe out most of the benefits of the 1986 federal tax reform bill for millions of Californians. If Proposition 99 passes, smokers earning less than \$10,000 per year will pay nearly four times more in new taxes than the savings granted them under federal tax reform.

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Regressive Taxes Opposed by National Black Caucus

Regressive taxes similar to those imposed by Proposition 99 were opposed in Congress last year by the National Black Caucus of State Legislators, the Mexican-American Political Action Association and a number of other highly respected groups.

Rep. Mervyn M. Dymally, Chairman of the Congressional Black Caucus, strongly opposed the federal cigarette tax hike. Dymally said: "...because the people who are hurt by it are not organized to protest -- too many are looking to a rise in excise taxes. This despite clear evidence that this method places the burden on those least able to bear it."

Rep. Charles Rangel of New York also opposed the regressive federal excise taxes, arguing that Congress should consider taxing luxury items as yachts or gems instead of penalizing "the guy who wants to buy a six pack [of beer] or a carton of cigarettes."

Wealthy Doctors will Profit at Expense of Poor

The backers of Proposition 99 call it a "health initiative" but only 5% of the \$600 million in new taxes would

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go to health research. The largest share of the new tax would go to wealthy doctors and the medical industry.

The initiative's sponsors also argue that some of the money raised will help finance health care for those who are too poor to afford insurance and are ineligible for tax-paid state or federal medical programs. But because the new tax would fall most heavily on the poor, the needy would, in effect, be helping to pay the cost of their own health care programs.

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OCT 4 1988
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