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Appendix A.

Statements in Opposition to  
Higher Federal Excise Taxes

"Raising taxes won't balance the budget. It will encourage more Government spending and less private investment. So I will not ask you to try to balance the budget on the backs of the American taxpayers. I will seek no tax increases this year and I have no intention of retreating from our basic program of tax relief."

President Ronald Reagan, State of  
the Union Address, January 26, 1982.

"Apparently under consideration is an entire range of sales and excise taxes, the most regressive forms of taxation . . . Thus the design seems clearly to put new taxes on the backs of middle-income and low-income Americans, those who can least afford higher taxes, in order to pay for the benefits Kemp-Roth lavished upon the wealthiest members of our society who need the tax cuts the least . . . If this indeed is the plan, it deserves to be exposed and abandoned.

Remarks of Rep. James Wright, House Majority Leader,  
127 Cong. Rec. H 7753 (daily ed., Oct. 27, 1981).

"[Chairman of the House Ways and Means Committee Dan Rostenkowski] said the excise tax increases would amount to 'a most regressive' consumer tax which would be only minimally useful in the effort 'to get the budget house back in order'.

"\* The President must recognize that future deficits must be fought with major revisions in tax policy . . .'  
[he said]". (emphasis added)

Edsall and Dewar, "Rostenkowski Raps Bid to Boost Alcohol, Tobacco Tax," The Washington Post (Jan. 8, 1982).

"The final problem with exercise (sic) taxes is they will raise very little new revenue in comparison to the deficit they are expected to cure. Doubling the Federal tax on alcohol would raise little more than \$2 billion. The truth is that new excise taxes would have little impact unless

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they were extended to gasoline. And if they are extended to gasoline, we then find ourselves quite outside the category of optional or luxury purchases. We find ourselves severely punishing precisely those groups that have been hardest hit by the bad economic times--the poor and the retired. . .

"Excise taxes on alcohol and tobacco are being proposed to pave the way for gasoline taxes. I simply cannot see how Congress can enact such regressive taxes in the wake of the Kemp-Roth tax cut. The American policy is built on fairness, and this is simply unfair."

Remarks of Senator De Concini, Address to Distilled Spirits Council of the U.S., reprinted in 128 Cong. Rec. S 632 (daily ed., Feb. 9, 1982).

"[T]he House GOP leader [Robert H. Michel (D-IL)] said he was not happy with the consumer tax increases on alcohol, tobacco and gasoline the administration reportedly has under study. 'The average working man has to pay these every day,' Michel told reporters, saying that any such taxes should be accompanied by new taxes on 'luxury' items." (emphasis added)

Lescaze and Berry, "President 'Facing Reality' on Tax Increases." The Washington Post, p.A-2 (Jan. 12, 1982)

"The excise tax question has been increasingly sensitive in recent days because two senior House Republicans, Trent Lott of Mississippi and Jack F. Kemp of upstate New York have portrayed such levies as falling on 'the little guy.' In a letter to the director of the Office of Management and Budget, David A. Stockman, who has advocated additional revenues to shrink prospective budget deficits, the two Representatives charged that he sought to tax 'working men and women' while ignoring \$30 billion a year of 'corporates welfare.'" (emphasis added)

"Aides Say Reagan Will Ask Congress for Excise Tax Raise," New York Times p.A-1 (Jan. 21, 1982).

"Let us dispel any illusions right here at the start, Mr. President. You can call it an excise tax, a revenue enhancement or anything else you want. But, in reality, it is nothing more than a regressive sales tax which will end up on the backs of consumers. "There will be further reductions in Government spending, but the administration now is being made to realize that the poor of the Nation have been hardest hit by the first round of budget cuts and it is just not politically feasible to make them bear the lion's share of further cuts.

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"Mr. President I say to you the most unfair way of all to finance the Economic Recovery Tax Act is through further regressive taxes."

Remarks of Sen. Wendell H. Ford, 127 Cong. Rec.  
S 1216 (daily ed., Oct. 27, 1981.)

"[House Budget Committee Chairman James R. Jones (D-OK)] criticized what he called the 'regressive' nature of the Reagan aides' proposals for increased taxes on gasoline, tobacco and alcohol.

"If they're going to have taxes, they [should] place them on luxury items also- luxury cars, luxury coats, those kinds of things, he said." (emphasis added)

Dewar and Broder, "House GOP Chiefs Press for More Revenue," The Washington Post, p. A-8 (Jan. 11, 1982).

"Vermont Governor Richard A. Snelling, Chairman of the National Governors Association, also urged Reagan to forego any effort to raise taxes on liquor, tobacco or gasoline.

"'These revenues are important to the states and already account for one-eighth of state revenues', Snelling wrote. . ." (emphasis added)

Eaton and Shogan, "Dilemma on Taxes Confronts President," Los Angeles Times, p.1 (Jan. 23, 1982).

"The other element of these taxes which troubles me is the impact on the States. Arizona, like practically every other State, is struggling with the cuts in Federal assistance just enacted. Alcohol and tobacco taxes have traditionally been a major source of revenue for the States which the Federal Government would now, effectively preempt. How are the States to survive? Such questions must be addressed."

Remarks of Senator De Concini, Address to Distilled Spirits Council of the U.S., reprinted in 128 Cong. Rec.S 632 (daily ed., Feb. 9, 1982).

" Mr. Speaker, disturbing rumors are beginning to float around the Capitol to the effect that administration budget planners in a frantic effort to recapture some of the huge revenue loss from their \$750 billion tax cut, are looking for ways to increase sales taxes of one kind and another upon the consumers of America.

"This would be the most outrageous deception imaginable. At the very time when an expensive nationwide television commercial campaign is trying to persuade the average

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American that the \$2 or \$3 per month his family may save from the Kemp-Roth cut is a huge bonanza, the Budget Office reportedly is plotting ways to gouge those average taxpayers with the most regressive tax of all, some variety of sales tax which is based not upon inability to escape.

Already the Council of State Legislators has complained that reductions in Federal services have caused 30 States to raise State taxes by a total of \$2.5 billion this year to take up part of the slack, and when cities like my own city of Fort Worth for the first time in many years have found it necessary to increase the local property tax and all fees levied for such city services as garbage collection, it would add insult to injury for the average American to be confronted with a proposal to levy or increase Federal sales taxes simply to compensate for the benefit which the Kemp-Roth bill has showered upon the wealthiest 5 percent of our citizens."

Remarks of Rep. James Wright, House Majority Leader,  
127 Cong. Rec. H 7235 (daily ed., Oct. 14, 1981).

"Mr. President, I am deeply disturbed by recent reports that the administration and Senate majority leadership are considering doubling Federal excise taxes on gasoline, telephone charges, alcohol and Tobacco as a means of financing the recent tax cut. These reports are troubling, not only because of the severe implications they pose for the State I represent, but also because of the negative implications this has for an equitable tax policy.

REPLY  $\alpha$  I also point out that this tax increase would come on top of action we have already taken to shift greater tax burdens on middle and lower-income taxpayers. The recent passed budget reconciliation bill substantially cut Federal Government spending putting new revenue raising pressures on State and local governments. Because State and local governments typically repy on a more regressive tax structure to raise revenue, the recent spending cuts will transfer the burdens of taxation to households with smaller incomes. We should not further contribute to this tax burden redistribution by increasing excise taxes."

Remarks of Senator Wendell H. Ford, 127 Cong. Rec.  
S 12216 (daily ed., Oct. 27, 1981).

" Mr. Speaker, there is growing taxpayer uncertainty in the land. And its source is the misleading and unfair tax policy of this administration.

" In July, the headlines heralded: 'Largest Tax Cut in History.' On October 1, the average taxpayer found out exactly how large his tax cut was -\$1 or \$2 a week.

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- \* And now, pity the poor taxpayer who picks up his newspaper and reads the administration's latest pronouncement: '\$22 billion in New Taxes Needed.'
- \* What kind of taxes is the White House talking about? User taxes: Gasoline, cigarettes, liquor, boating fees. And elimination of the energy tax credit, which has done more to encourage conservation and alternative-energy development than anything I know.
- " We do not need new taxes, Mr. President, especially user taxes.
- " Cut out the billions you are giving away to big oil under your tax bill. Scale down the unreasonably large estate and gift tax reductions under your tax bill.
- " Consider the average taxpayer, Mr. President. Do not add to his burden."

Remarks of Rep. William R. Ratchford, 127 Cong. Rec.  
H 7200 (daily ed., Oct 13, 1981).