



## *League of United Latin American Citizens*

Office of National President  
OSCAR MORAN

4 September 1986

The Honorable Dan Rostenkowski  
Chairman  
Committee on Ways & Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

We appreciate the fact that you rejected higher excise taxes to achieve tax reform. We also thank you for your continued opposition to this regressive form of taxation. If the deficit is to be eliminated, let it be in a manner that is fair and equitable and does not discriminate against any specific industry or segment of the society.

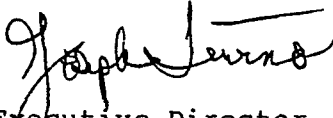
By raising the excise tax on cigarettes from 16 cents to 24 cents a package, Congress would be asking one segment of the population -- smokers -- to bear the burden of a singular and substantial increase in taxes. Excise taxes on consumer products - like beer, wine, cigarettes and liquor - are discriminatory. To many small Hispanic businesses, the sale of these products, especially cigarettes, is an important source of income. Not only do people come into the store to buy them, but as a result customers purchase other products as well. By raising the excise tax on cigarettes from 16 to 24 cents a pack, Congress would be asking one segment of the population to bare the burden of a high deficit which they did not create. This is unjust, undemocratic and inconsistent with the philosophy that says "everyone should pay their fair share."

Excise taxes are an unreliable and impermanent solution to any funding problem. The amount of revenues amassed at any one time is unpredictable and would not permit government officials to adequately plan or budget for the future. Congress, therefore, should refrain from identifying any new or increased excise taxes.

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Mr. Chairman, in opposing excise taxes you have demonstrated leadership and courage. It is easy to tax the little man and his simple pleasures of life. Keep up your opposition to excise taxes, and we will continue to support you and your stand in the future. The League of United Latin American Citizens appreciates your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph J. Turner". The signature is written in dark ink and is positioned above the typed name.

Executive Director  
League of United Latin American Citizens



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September 4, 1986

Ms. Meg Greenfield  
Editorial Page Editor  
The Washington Post  
1150 15th Street, N.W.  
Washington, D.C. 20071

To the Editor:

The Post's endorsement of an increase in the cigarette tax ("Raise the Cigarette Tax," Sept. 2, 1986) is disturbingly callous towards the effect of tax policy on low- and moderate- income Americans.

A cigarette tax increase is no answer to the deficit, and it is an improper -- and probably futile -- method of getting people to quit smoking. Most important, excise taxes are regressive and inherently unfair, hitting hardest at those least able to pay. The effective excise tax rate for low-income Americans is ten times higher than that of those in the \$50,000 a year income bracket. This inequity is felt particularly by minorities such as Hispanic-Americans, 29 percent of whom live in poverty.

If the Post feels that smoking should be banned, say so. If your aim is to ban it among the poor by making them bear the brunt of a tax hike, then expect to disillusion a lot of folks who had come to believe your newspaper was in their corner.

Sincerely,

Joseph M. Trevino  
Executive Director  
League of United  
Latin American Citizens

## Raise the Cigarette Tax

**L**AST YEAR, as one item in its maneuvering over the deficit, Congress kept the cigarette tax from lapsing as scheduled from 16 to 8 cents a pack. Now there is a proposal to raise the tax to 24 cents. The higher levy is powerfully opposed, would be regressive and would yield only about \$2 billion a year. You could argue that it would not be worth the trouble. We're for it anyway.

The increase was proposed by Sen. John Chafee and adopted 11 to 8 in the Finance Committee as part of this year's reconciliation bill. That is the bill in which Congress annually tries to bring within its budget resolution those parts of the budget not subject to the appropriations process. Mr. Chafee offered it as an alternative to extending an expiring telephone excise tax; telephones are a necessity. The proposal quickly became embroiled in the politics of who will control the Senate next year. The Senate seat in tobacco-growing North Carolina is open. Republican James Broyhill, recently appointed to succeed the late Sen. John East, is running against former Gov. Terry Sanford. Mr. Broyhill rushed to the White House to consult with President Reagan, and emerged to announce he had persuaded the president to oppose the increase. The administration's opposition had already been announced—it opposes all tax increases—but you can't have everything. Finance Committee Democrats were meanwhile contriving to reverse the committee vote and say that Mr. Sanford had prevailed upon them.

The increase is still in the bill. There will be an unseemly rush to kill it on the floor. The Republican leadership will spare no effort to see that the honors go to Mr. Broyhill; what are leaders for? In the House, meanwhile, Speaker O'Neill has said he doubts a cigarette tax increase could pass "because Democrats in the tobacco regions are extremely popular people and know how to work their friends"—and what are friends for? The Ways and Means Committee has already voted 28 to 4 against a cigarette tax increase. When later the committee was chided for failure to meet its budget target for next year, Chairman Dan Rostenkowski said he might revive the tobacco tax proposal on the floor. That was less a proposal on his part than a threat.

So politics and budget gamesmanship seem likely to decide this issue—and that's what's wrong. Decide it on the merits and the vote might be that an 8-cent increase is too little. A higher tax on cigarettes, and therefore higher price, would discourage smoking. Habitual smokers might not be much deterred, but young and prospective smokers would. Cigarette smoking is a major—some would say *the* major—national health problem. Health care costs are now about a tenth of the budget. There is double justice in a cigarette tax increase. The higher tax on the habit would help both to defray and to reduce the habit's cost. And absent this tax increase, some other tax will have to be imposed, or some other program cut. As the economists never tire of telling us, there's no free smoke.



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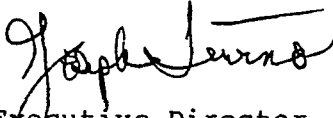
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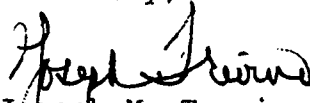
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