

EXCISE TAXES

Primary Responsibility: TBD
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Overview

After weeks of budget discussions involving administration officials and congressional leaders, President Bush rescinded his "no new taxes" pledge by issuing a statement calling for "tax revenue increases." The debate then shifted from whether taxes would be raised to which taxes; reports indicated that cigarette excises were at the top of the list of revenue options.

Allies continued to carry the anti-excise message to Members through a variety of avenues, including grassroots letter-writing campaigns and other targeted efforts. The organizations also intensified other efforts to speak out on the issue.

Highlights

Through June, our allies stepped up their participation in the tax debate by communicating with the budget negotiators and expressing opposition to regressive tax policy. Some organizations took their progressive tax messages beyond the congressional leadership and the administration to reach other Members, the media and the general public.

Allies continued to send anti-excise letters to select Members of Congress, including relevant state delegations and caucuses. Organizations have been encouraged to follow up with additional communiques to the Members, expressly intended to reinforce anti-excise messages and to maintain the established dialogue.

Citizens for Tax Justice (CTJ) distributed to the budget negotiators and to the media a briefing document analyzing progressive and regressive revenue options. CTJ argued for fair tax policy and pointed to the adverse impact that excise tax increases would have on middle-income and poor families. "The answer to the budget deficit crisis is not to raise taxes on hard-pressed working families," CTJ stressed.

The Coalition on Human Needs (CHN) forwarded a letter to the negotiators encouraging them to "keep as your primary goal our most disadvantaged citizens along with the health of the nation's economy." According to CHN, "any significant and long-term deficit agreement must include substantial revenues [T]hose revenues should be raised in a progressive manner based on the ability to pay." More than 100 CHN affiliates signed the letter, which has been distributed to the media with an accompanying

release. CHN is considering running the letter as an advertisement in the Washington Post.

CHN also plans a series of tax issue briefings for its affiliates participating in the grassroots congressional district outreach program. The "mini-conferences," which will be held next month in Illinois, Texas, Connecticut and Tennessee, will include discussions of the current budget debate and practical advice for the CHN activists to use in various fair tax efforts.

In response to reports that budget summit negotiators are considering a cigarette tax increase, we prepared a series of 13 one-page background documents on all facets of the excise tax issue for use as briefing tools. The tax briefing materials specifically cover the earned income tax credit, the "lifetime income" theory, "user fees," excises and inflation, social costs, the impact of excises on various groups and the effect of doubling the federal excise tax on the nation as well as on select states (TN, GA, KY and NC). Sets of the one-pagers were distributed to Public Affairs, Federal Relations and State Activities staff for dissemination to interested parties.

The recently commissioned consulting economist anti-excise tax op-ed campaign moved forward quickly with the economists preparing and submitting for our review several draft articles. We also requested that an economist in Wyoming be identified and approached to participate in this effort. By month's end, placements included: Todd Sandler, the Fort Dodge Messenger, William Mitchell, the Eugene Oregon Register-Guard, Ryan Amacher, the Anderson Independent-Mail, J.R. Clark, the Memphis Commercial Appeal and the Jackson Sun.

We developed an outline for an economist media tour program to be launched in light of recent tax developments at the federal level. Consulting economists would be sent to select markets in key congressional districts to discuss elements of the tax issue with the media.

The American Agriculture Movement (AAM) conducted a media tour in Louisiana last month, with the group hosting dinner events in two locations in the state. AAM's National Director David Senter and local AAM members met with Louisiana legislators and the media to discuss issues of concern to rural Americans, including the 1990 farm bill and tax policy. Local television and radio stations and newspapers in Baton Rouge, Bastrop and Monroe interviewed Senter and reported on the AAM events.

Work on AAM's revised general membership brochure progressed. In addition to using the piece to recruit new members, the AAM brochure will serve as a vehicle for the organization to continue to reference its activity on the tax issue.

The League of Rural Voters (LRV) has requested Institute support to produce a general informational brochure. The publication will highlight issues of concern to LRV, including fair tax policy.

We reviewed and commented on the first draft of the National Chamber Foundation's (NCF) "working paper" on excise taxes. The document, prepared by economist Richard Vedder, attacks the use of excise taxes on several grounds, including regressivity and economic inefficiency. We expect a second draft in July.

We continued to monitor press coverage of the Coalition of Labor Union Women (CLUW) tax study release. Articles appeared in newspapers around the country as well as in AFL-CIO News, a widely distributed labor publication. A brochure based on the CLUW tax study progressed to blueprint in June. When completed, the piece will be distributed as an educational tool to CLUW members; it also will be used to communicate with lawmakers and the media concerning CLUW's opposition to regressive tax policy.

A fair tax resolution has been drafted for the National Council of Senior Citizens (NCSC). We understand the resolution will be considered at the NCSC convention in July.

David Wilhelm of the Strategy Group gave a presentation on the tax issue at a meeting of the A. Philip Randolph Institute. Wilhelm discussed the impact of regressive tax policy on low- and middle-income workers and reiterated the AFL-CIO's stance on tax policy.

We reviewed and commented on the script for a video designed for use with labor audiences. We also met with consultants to discuss the concept and seek ways to incorporate the significant findings of the Consumer Tax Alliance's research.

The Economic Policy Institute (EPI) continued to contribute to the economic/tax policy debate with the release of a paper on capital gains. The EPI paper has been distributed to the media and other interests.

At State Activities' request, consulting economist Dwight Lee testified before the Delaware legislature on a proposed cigarette excise tax increase. The measure under consideration would raise the tax to pay for indigent care.

Fair tax coalitions are being developed at State Activities' request in Illinois, Michigan, Iowa, Florida and Washington state.

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In advance of the second phase of the Consumer Tax Alliance (CTA) anti-excise tax advertising project, we reviewed and commented on the pre- and post-test survey instrument. The CTA plans to run the ads in select markets next month.

In preparation for possible congressional hearings on revenue options, we prepared an outline of a briefing book on the tax issue.

We continued work on the plan for the 1991 tax program, with revisions completed in late June. The budget component will be addressed in July.

Next Month's Goals

Budget for 1991 tax program

Review draft labor tax studies and work with public relations and labor counsel on promotion plans

Work with public relations counsel on development of economic media tour program

Continue follow-up with allies on federal excise tax campaigns