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August 8, 1986

TO: Fred Panzer
FROM: Paul Johnson
RE: Thank You Letters to Congressional Supporters

All the Hispanic thank you letters you asked us to produce have been delivered. This includes a letter to Senator Bob Dole from the National Hispanic Chamber of Commerce ; a letter to Rep. Dan Rostenkowski from the Illinois Hispanic Chamber of Commerce; and five mailgrams from LULAC to members of the House Ways and Means Committee (Reps. Gibbons (D-FL), Pickle (D-TX), Guarini (D-NJ), Matsui (D-CA), Thomas (R-CA)).

Copies of the LULAC mailgrams are attached. I will send you duplicates of the Illinois and National Hispanic Chamber of Commerce letters on Monday, August 11, 1986.

Please call if you have any questions.

Attachments

cc: Rick Sullivan
Karen Doyne
Karil Kochenderfer

Washington, D.C.

New York

St. Louis

Los Angeles

Kansas City

F-H/Europe SA

T118212106

LULAC
400 FIRST STREET NW #721
WASHINGTON DC 20001 06PM

Western
Union Mailgram



1-192091U218006 08/06/86 ICS WA16614
02551 MLTN VA 08/06/86 JN52311

WSHA

FLEISHMAN HILLARD
KARIL KORCHENDERFER
1225 CONNECTICUT AVE, NW #303
WASHINGTON DC 20036

6 AUGUST 1986

DEAR MS. KORCHENDERFER:

I AM WRITING TO THANK YOU FOR YOUR CONTINUED OPPOSITION TO EXCISE TAXES - THOSE LEVIED ON LIQUOR, AIRFARES, AND ALL GOODS OR SERVICES, BUT PARTICULARLY THOSE LEVIED ON CIGARETTES.

AS THE EXECUTIVE DIRECTOR OF THE LEAGUE OF UNITED LATIN AMERICAN CITIZENS, LULAC, THE NATION'S OLDEST AND LARGEST HISPANIC MEMBERSHIP ORGANIZATION, I OPPOSED TO EXCISE TAXES BECAUSE OF THEIR ADVERSE EFFECTS ON THE MEMBERSHIP OF THE ORGANIZATION I REPRESENT.

AS YOU KNOW, EXCISE TAXES ARE REGRESSIVE. THEY DISPROPORTIONATELY IMPACT MIDDLE- AND LOWER-INCOME WORKING PEOPLE - A LARGE NUMBER OF WHICH ARE HISPANIC. IN FACT, THE PERCENT OF INCOME TAKEN BY EXCISE TAXES AMONG INDIVIDUALS IN LOWER TAX BRACKETS IS TEN TIMES AS HIGH AS THAT PAID BY INDIVIDUALS WHO EARN MORE THAN \$50,000 A YEAR. THE PROPOSED 8-CENT INCREASE IN THE CIGARETTE EXCISE TAX, FOR EXAMPLE, WILL SIMPLY AGGRAVATE THIS ALREADY UNFAIR SITUATION.

MOREOVER, IT IS THE SMALL, LOCAL BUSINESSES RATHER THAN LARGE MANUFACTURING OPERATIONS THAT ARE MOST OFTEN HARDEST HIT BY EXCISE TAXES - SUCH AS SMALL, HISPANIC-OWNED BUSINESSES. AS A RESULT OF AN EXCISE TAX INCREASE, REGULAR CUSTOMERS AT SMALL, LOCAL BUSINESSES BEGIN SHOPPING AT LARGER STORES THAT CAN ABSORB THE INCREASED TAX WHICH SMALL BUSINESSES CANNOT. SALES SUBSEQUENTLY DROP, AND SMALL BUSINESSES QUIETLY GO OUT OF BUSINESS.

AN INCREASE IN EXCISE TAXES ALSO WILL RESULT IN A SUBSTANTIALLY LARGER UNDERGROUND MARKET. UNDERGROUND MARKETS CHARGE LOWER PRICES AND CONSUMERS ARE NEVER FORCED TO PAY THE COST OF GOODS AND SERVICES MARKED-UP BY EXCISE TAXES. BLACK MARKET SALES ARE PARTICULARLY ATTRACTIVE TO CONSUMERS, BUT THEY HAVE A SERIOUS NEGATIVE EFFECT ON PRIVATE SECTOR PROFITS AND GOVERNMENT RECEIPTS.

TO REPLY BY MAILGRAM MESSAGE, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

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▶ IT IS COMMONLY ACKNOWLEDGED THAT AS EXCISE TAXES INCREASE THE COST OF GOODS AND SERVICES, THEY SIMULTANEOUSLY ERODE SALES. WHAT IS OFTEN OVERLOOKED OR FORGOTTEN, HOWEVER, IS THAT LOST SALES AFFECT NOT ONLY PRODUCERS AND THEIR PROFITS, BUT ALSO EMPLOYEES AND THEIR JOBS. CONSEQUENTLY, ANY REVENUES AMASSED BY EXCISE TAXES MUST BE WEIGHED AGAINST THOSE LOST TO EMPLOYEE OR CORPORATE INCOME TAXES.

CONGRESSMAN, THE ECONOMIC EFFECTS OF EXCISE TAXES ARE DAMAGING. FOR THIS REASON, AND THOSE SPECIFICALLY MENTIONED ABOVE, I APPLAUD YOUR OPPOSITION TO EXCISE TAXES -- NOW AND IN THE FUTURE.

SINCERELY,

JOE TREVINO
EXECUTIVE DIRECTOR
LEAGUE OF UNITED LATIN AMERICAN CITIZENS (LULAC)

09243

21:49 EST

MGMCOMP