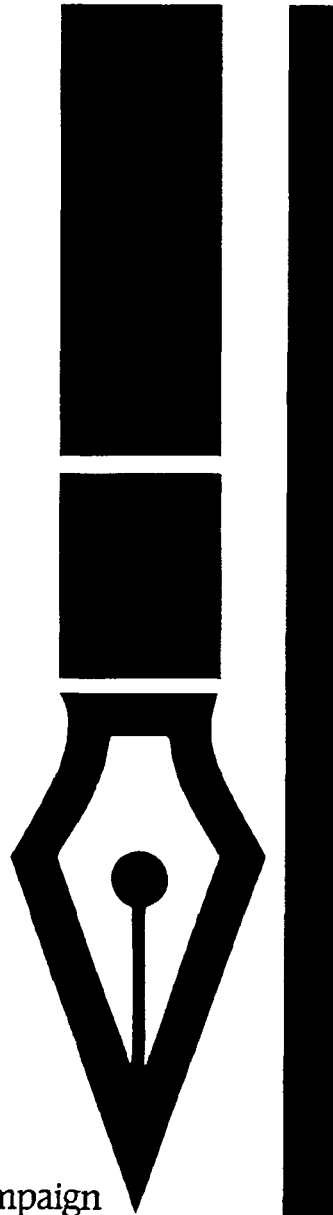


EXCISE
TAXES



A letter-writing campaign

Drafting Your Letter

Introduction

Tell who you are and explain why you are writing. When drafting a letter-to-the-editor, your first paragraph should include references to the article or series of articles that prompted you to submit the letter. When writing to your Congressman or Senator, you should specify the particular piece of legislation you are concerned with, including the bill's title and number. Additionally, make sure the legislator knows you are from his home district. Overall, your introductory paragraph should be concise and to the point.

Letters-to-the-Editor

Example 1: "As a taxpayer and a consumer, I read with interest [John Doe's] recent article on the federal tax package working its way through Congress [*Times*, October 10]. I am particularly concerned with our legislators' efforts to increase excises on selected goods such as alcohol and tobacco . . ."

Example 2: "I read with interest [John Doe's] article on the President's efforts to reform the federal tax system so that 'all taxpayers . . . are treated fairly' [*Times*, October 10]. As the owner of a small retail business, I would like to see the tax reform package include a greatly diminished role for taxes on selected goods. Many of these excise taxes should be abolished . . ."

Letters to Legislators

Example 1: "As a taxpayer and concerned constituent, I am urging you to oppose the federal tax package [bill number] that Congress is currently considering. If passed, federal excise taxes on products such as alcohol and tobacco will increase significantly and the federal government will dip even deeper into our pocketbooks than it already has."

Example 2: "I am a worker in [state and congressional district], and am a member of [union, local number]. I am writing to register my opposition to [bill number and name]. This bill advocates significant increases in federal excise taxes on such products as tobacco and alcohol. These increases would not only hurt many [state] businesses, they would cost the entire economy in production and jobs."

Body of letter

Give your reasons for opposing excise taxes. Following are four arguments on which to base your discussion—choose whichever you are most comfortable with.

Oppose excises in general and mention specific taxes only in examples (products affected by federal excises include distilled spirits, tobacco, tires, gasoline, and telephone service). Try to use your own words to express the concepts presented here. If possible, include examples from your own experience.

Argument 1:—Excise taxes hurt the economy.

They misplace resources and cost the economy production and jobs.

Everyone knows that placing an excise tax on a good raises its price, but contrary to popular belief, the tax is not simply "passed on" to the consumer. Generally, sales decline when an excise tax is imposed, and so the burden is shared by consumers, producers, and in some cases the owners of resources used in the manufacturing process.

Thus, excises lower the economic well-being of all three parties. Consumers are worse off because they are unable to buy as much of the good as they would have in the absence of the tax. Producers are hurt because the after-tax price received on each sale is lower than the pre-tax price. And resource owners are faced with a reduction in value of the elements they supply to the production process.

Part of this total loss is, of course, transferred to the government as tax revenues. But part of it is lost to the economy forever, in the form of misplaced resources and lost jobs.

Argument 2:—Excise taxes on selected goods are unfair to consumers.

To levy an excise tax as an above-board "user fee" (such as a tax on fishing rods with receipts applied directly to stocking lakes with game fish) may be reasonable government policy. Benefits of the tax are received by the same people who pay. However, using excise taxes such as those on alcohol or tobacco to fund general government operations is bad economics and poor public policy.

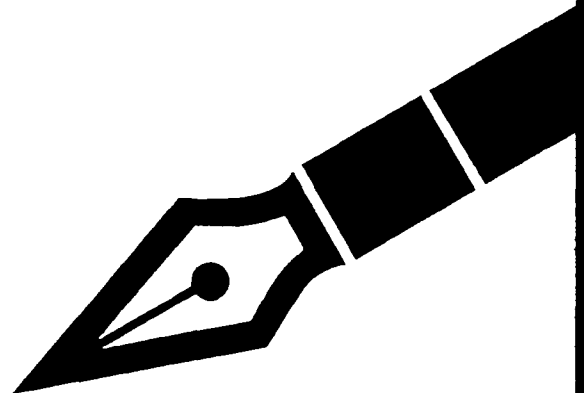
Such excise taxes single out a few lawful products and penalize the consumers of those products. Those who receive public benefits from the tax may not be the same people who have paid the tax. For instance:

Some consumers benefit at the expense of others who pay taxes on gasoline.

People who drink distilled spirits subsidize those who do not.

Citizens who smoke pay more in taxes for the same share of government services as nonsmokers.

This kind of system is discriminatory.



Argument 3:—Excise taxes are regressive.

They hurt the poor more than the rich.

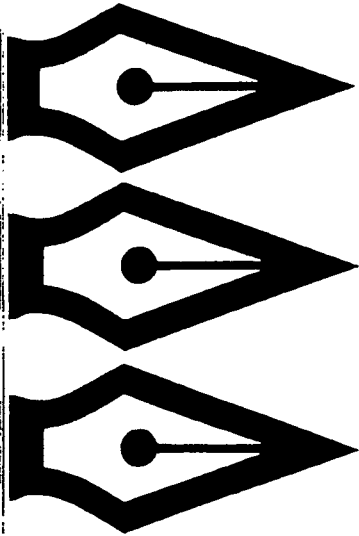
Although some federal excise taxes are imposed on goods that we think of as luxuries consumed by the affluent—airline tickets, for example—many are levied on products purchased at proportionately higher rates by individuals with lower incomes. For goods falling into this latter category, such as alcohol, automobile tires, cigarettes, and gasoline, excise taxes are regressive: the burden falls most heavily on those least able to pay.

Study after study has confirmed that as income increases, the effective tax rates on these goods decreases. An examination of cigarette and alcohol excises reveals that the tax burden—the percent of income taken by these taxes—falls drastically as income increases. The effective tax rate on individuals in lower tax brackets is *ten times* as high as that paid by individuals who earn in excess of \$50,000 per year.

Argument 4:—Federal excise taxes encroach upon revenues traditionally left to state and local governments.

Most if not all goods subject to federal excise taxes are also taxable items under state sales and excise taxes. In many jurisdictions, the state, city, county, and school district levy taxes at the retail level to help pay for public education, highway and construction projects, health care, and general revenue purposes. These taxes are in most cases no less burdensome than federal excises, but there is one major difference: the revenue stays at home.

Small business owners and individual consumers pay their share of income, social security, and other federal taxes. Why should they also send to Washington excise tax payments that could provide revenue at the local level where they might see its benefits?



More about the body of the letter

If you like, combine two or all three of Arguments 1-3 in the body of your letter (Argument 4 should be used by itself).

Example 1:—(Using Arguments 1 and 3) "Excise taxes cost the economy production and jobs . . . Furthermore, excise taxes are regressive, placing the tax burden more heavily on those who are least able to afford it . . . For these two reasons. . ."

Example 2:—(Using Arguments 2 and 3) "Excise taxes on selected goods are unfair to consumers because they discriminate against particular products and their users . . . Such discrimination is even worse for low-income consumers. These individuals have more limited discretionary funds which are disproportionately impacted by regressive excise taxes. For these two reasons . . ."

Conclusion

Briefly summarize the points you have made and reaffirm your opposition to excise taxes.

Example:—"Despite (list the points you've made), many would expand the role of excise taxes in federal efforts to raise revenues and reduce the budget deficit. Such a proposal is bad economics and poor public policy."

Salutation

Signature and, if appropriate, affiliation

If you are writing as a taxpayer or consumer, your signature is sufficient. If you are writing on behalf of your business or organization you may want to include your title and affiliation.

A large, bold, handwritten signature in black ink, appearing to read "Smith".

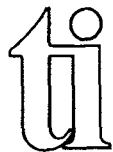
Guidelines for Letters-to-the- Editor

1. Use personal stationery or plain bond paper with your home address included. Use your business stationery only if you are writing on behalf of the organization.
2. Type your comments in a basic business letter format.
3. Address the letter to the Managing Editor (or call the newspaper and ask who reviews letters-to-the-editor for publication).
4. Your letter should be no longer than one typed, single-spaced page. This will give it a better chance of getting published.
5. Include your phone number with your address, in case the editor has any questions or needs your approval to edit the length of the piece.
6. Send the letter to the editor *as soon as possible* after the article you are referencing runs in the newspaper. This means within one week. Otherwise your letter has no editorial interest—unless federal taxation and tax policy are continually discussed in the paper.
7. Call the editor to make sure he/she has received your letter. Let the editor know you would appreciate it being published.
8. Send a copy of your letter to us at the address on the back of this brochure.
9. Watch the newspaper for your letter.
10. Send a copy of your *published* letter to us.

Guidelines for Letters to Legislators

1. If you are writing as a concerned taxpayer, handwrite your letter on personal stationery or plain bond paper. If you are writing on behalf of your business or organization, type your letter on official stationery.
2. When writing to a Senator, address the letter to:
The Honorable _____
United States Senate
Washington, D.C. 20510

When writing to a Representative, address the letter to:
The Honorable _____
United States House of Representatives
Washington, D.C. 20515
3. Your letter should be no longer than one typed, single-spaced page or two handwritten pages. This will ensure that your letter receives immediate attention from Congressional staff members.
4. Stick to one subject when writing your letter. By focusing only on the excise tax issue, the letter will receive more personal attention.
5. If you are familiar with the Senator or Representative's voting record on tax issues, mention it in your letter.
6. Use your credentials. If you own a large business, are a union official, hold a state or city office, or contribute regularly to political campaigns, make sure to stress this point in your letter.
7. Send a copy of your letter along with any responses you receive to us at the address on the back of this brochure.
8. Consider calling your Senator or Representative to follow-up on your letter. You might also organize a delegation of concerned citizens to visit the legislator's district office. Such a visit would further convince the member that his constituents are concerned about excise tax increases.



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