

RESEARCH REPORT:

**CONSUMER EXCISE TAXES,  
A CAMPAIGN TO MOBILIZE PUBLIC  
OPINION**

*Prepared for*

**THE CONSUMER TAX ALLIANCE**

**March 1990**

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## EXECUTIVE SUMMARY

This report presents the results of research conducted to evaluate the impact and effectiveness of a media campaign designed to mobilize public opposition to potential increases in consumer excise taxes. The most important finding of the research is that the campaign succeeded exceptionally well, doubling the margin by which people oppose increases in excise taxes. Before the campaign people opposed increases in excise taxes by a 19% margin, 55% opposed, 36% in favor; after the media campaign aired people opposed increases in excise taxes by a 40% margin, with 66% opposed and 26% in favor. This extremely unfavorable view is comparable to the degree of opposition to increases in personal income tax.

The success of the campaign is directly attributable to the effectiveness with which the advertising identified consumer excise taxes as yet another in the long series of "squeezes" the federal government has applied to the middle class over the past ten years. The advertising spoke to viewers using the language and symbolism of the middle class struggle. The result was receptivity to the message that consumer excise taxes are a regressive and undesirable form of taxation. The message was communicated; public opinion changed.

### Background

The current political environment makes increasing consumer excise taxes an attractive alternative for revenue enhancement. Everyone wants action taken to balance the federal budget deficit. However, no politician wants to raise taxes that his constituents will notice. Many polls indicate that the public finds excise taxes to be a palatable form of taxation.

Preliminary research conducted by KRC Research & Consulting indicated that this current political truism might prove false if appropriate steps were taken to educate and inform the public about the nature of consumer excise taxes. In particular, we found that the extreme anti-tax sentiment in the country is obscured by the research which reports support for increased excise taxes.

When confronted with an artificial scenario in which the necessity for some tax increase is assumed, the public will select an increase in excise taxes as before an increase in income taxes. However, it was apparent that the public by no means takes the need for increased tax revenue as a given. Rather they identify curbing government waste, mismanagement and corruption as preferable means of attacking the deficit.

Initially we found that there is a strong desire to see something done about the deficit, but this desire is accompanied by almost total ignorance about the nature of the deficit/debt problem. People are somewhat amenable to increases in consumer excise taxes, although this is considerably mitigated by the intense and comprehensive "no new taxes" sentiment.

The public has little understanding of what excise taxes are and thus doesn't connect an increase with their personal budgets. People are willing to accept the "sin taxes" categorization and, therefore, see excise taxes as elective and/or punitive. However, we also saw that the public expressed enormous dissatisfaction, fear and anxiety with regard to the plight of the middle class in America today.

Having come to understand the primary role that a sense of encroaching danger and insecurity plays in the minds of average voters, we were able to reposition the primary argument against excise taxes (that they are regressive ) and to find the key to mobilizing public opposition. We change the terms of the dialogue from, "No one will ever understand that a regressive tax is one which has a disproportionate impact on those least able to pay," to, "Everyone understands what a regressive tax is: it's when the middle class has to foot the bill again."

Further research honed the message and refined the advertising that was developed to deliver it. A communications strategy was developed that first made people conscious of the direct, individual impact of excise taxes by referring to them as consumer excise taxes.

Next, given the real, albeit amorphous, concern about the deficit, a permission structure was established which allowed people to be against excise taxes in good conscience because there are other ways to solve the deficit. The desire of Washington politicians to increase excise taxes was presented as a way to avoid tackling corruption and waste. This message connects with the profound anti-tax sentiment of the electorate. The coup de grace of the strategy was the direct and emotional association of the impact of consumer excise taxes with the suffering and struggle of the middle class.

The effectiveness of the campaign is clear. Opinion changed. Opinion changed among all demographic groups, and it changed by large margins. Equally important, the altered perspective endured after the advertising went off the air.

The only group who saw the advertising and did not change their views were a small group of generally wealthier, older, more Republican non-smokers who feel well insulated both from the impact of excise taxes and from the middle class dilemma.

We now know that public opinion can be mobilized in opposition to increases. The real and firm opposition to any tax increases that exists in the country can be harnessed in opposition to consumer excise taxes. The evaluative research done in connection with the media campaign clearly demonstrates that the advertising developed to accomplish this was seen, the message was conveyed, and opinion was influenced in a lasting manner.

As we look ahead to future campaigns, however, we should bear in mind that this campaign worked specifically because it was rooted in an in-depth understanding of the existing public opinion environment. The success of this campaign did not result from a fortunate accident, but rather from the careful planning and execution of an effective strategy. This campaign was executed in an environment which contained no opposing messages and with no tax issues in the news. The campaign must now be translated from the state to the national level in a rapidly evolving political climate. We must carefully monitor results and create a mechanism for feed back which will allow us to further refine both the message and its delivery.

## **INTRODUCTION: OVERVIEW OF THE CAMPAIGN**

This report summarizes the results of an advertising campaign developed for the Consumer Tax Alliance to mobilize public opposition to potential increases in consumer excise taxes. While the main focus of this report is the evaluation of the campaign's effectiveness, it is important to understand that this evaluation was undertaken as one part of an overall process in which research played an integral role. In the following pages we recap the history of this project in order to establish the context for understanding the quantitative evaluation of the campaign.

### **The Problem**

**The current political and fiscal environment is making raising excise taxes an increasingly attractive proposition.**

- The burgeoning deficit is forcing the federal government to search for new or enhanced sources of revenue;
- Widespread anti-tax sentiment exists among the electorate, turning many revenue sources into political poison;
- Excise taxes, characterized as "sin taxes," are commonly perceived as elective in nature, and, therefore, "fair" and palatable to voters.

**In fact, however, consumer excise taxes are regressive, having a disproportionate impact on those least able to pay.**

**The details needed to understand the current fiscal situation:**

- the concept of regressive vs. progressive taxation;
- the budget deficit itself;
- the national debt; and,
- tax issues in general

are all very poorly understood by the public.

The net effect is that in December 1988 the Consumer Tax Alliance faced the following dilemmas:

- How can the general support of "sin" taxes be combatted?
- How can the regressive nature of excise taxes be made real to people?
- How can the direct financial impact of excise taxes be brought home to the public?

And,

- **Most importantly, how can public sentiment be mobilized in opposition to increased consumer excise taxes?**

## **The Process - An Overview**

A communications strategy designed, first, to understand and, subsequently, to influence public opinion was developed.

This strategy consisted of:

- Qualitative research to define both the environment within which tax issues are approached and the language, symbolism and imagery with which tax issues are debated;
- Creation of advertising executions to address the excise tax issue using understanding reached through research;
- Qualitative testing of the advertising executions to determine which concepts best communicated the intended message;
- Airing of the advertising campaign in selected media markets; and,
- Measurement of the campaign's impact through quantitative research.

## The Role Of Research

A unique aspect of this communications strategy is the integral role of research in every stage of the process. The constraints of mass media often turn communications campaigns into unilateral assaults on the public attention: advertising is generated in a vacuum (driven only by the concerns of the advertiser), the campaign is aired, and then we wait and see how people react. This campaign was undertaken with the full understanding that communications would have to go both ways if it was to succeed.

Research served many functions at every stage of the campaign, the chief of these being:

- Conceptualization: In-depth, qualitative research was conducted to understand the social, political, and emotional environment within which fiscal and taxation issues are viewed. This research identified conceptual approaches which were then used to generate creative executions.
- Design: Creative executions were thoroughly tested to assess their effectiveness and to refine the delivery of the message.
- Evaluation: Before, during and after the airing of the ad campaign, quantitative research was used to measure its impact and effectiveness.

## **The Environment Understood**

Initial research yielded this portrait of voters' outlook on the national fiscal situation and their own lives:

- The country has declined and is continuing to deteriorate economically, as well as socially and culturally;
- We are no longer the "number one" economic force in the global economy;
- The middle class perceives itself to be "footing the bill for the country." The middle class feels that the current tax structure ensures that they will pay for and support both the rich and the poor; the rich because they escape paying their fair share through loopholes, and the poor because they require government subsidies;
- There are no longer any "guarantees" for the middle class: middle class life is characterized by increased costs and increased fear (financial and physical) and an overwhelming insecurity and doubt regarding the affordability and quality of education, health care, job security, housing and the financial future;
- Respondents acknowledged the deficit/debt issue as a major problem, but lacked any accurate working definition of the deficit/debt;
- The deficit is a low-level nagging worry that respondents are at a loss to know how to deal with because of the problem's size and amorphousness.

## Testing Of Creative Work

Using this portrait of the national mood, advertising executions were developed to address consumer excise taxes in a context which would make the issue real and compelling to viewers. These executions were tested to refine the message.

The most effective vehicles proved to be those that conveyed these messages and/or contained these elements:

- A "soft touch," low key informational style is most effective as an initial approach. Once receptivity has been established, the message can be brought home with more emotional vehicles;
- Anti-Congress/mismanagement/corruption;
- Advocacy of middle class life through the use of middle class values and symbols, such as a father transporting children in a van;
- Recognition of the voters' profound anger, disillusionment, alienation and sense of distance from their elected leaders;
- The offer of personal empowerment or of a possible positive outlet for expressing personal anger or a vehicle for re-connecting the individual to government;
- The offer of alternative tax approaches;

- **Finally, and most importantly, recognition of middle class life -- both the pride in its existence and the suffering of recent years -- fostered receptivity in respondents for the speaker to then address any subject (in this case, consumer excise taxes) in a meaningful manner.**

An important decision made before the campaign was undertaken was to refer to excise taxes as "consumer excise taxes," thus making their direct impact on individual consumers immediately apparent.

Interestingly, we found in the qualitative research, and the results of the quantitative conform, that explicit mention of tobacco, liquor and gasoline does not detract from the message.

## The Campaign

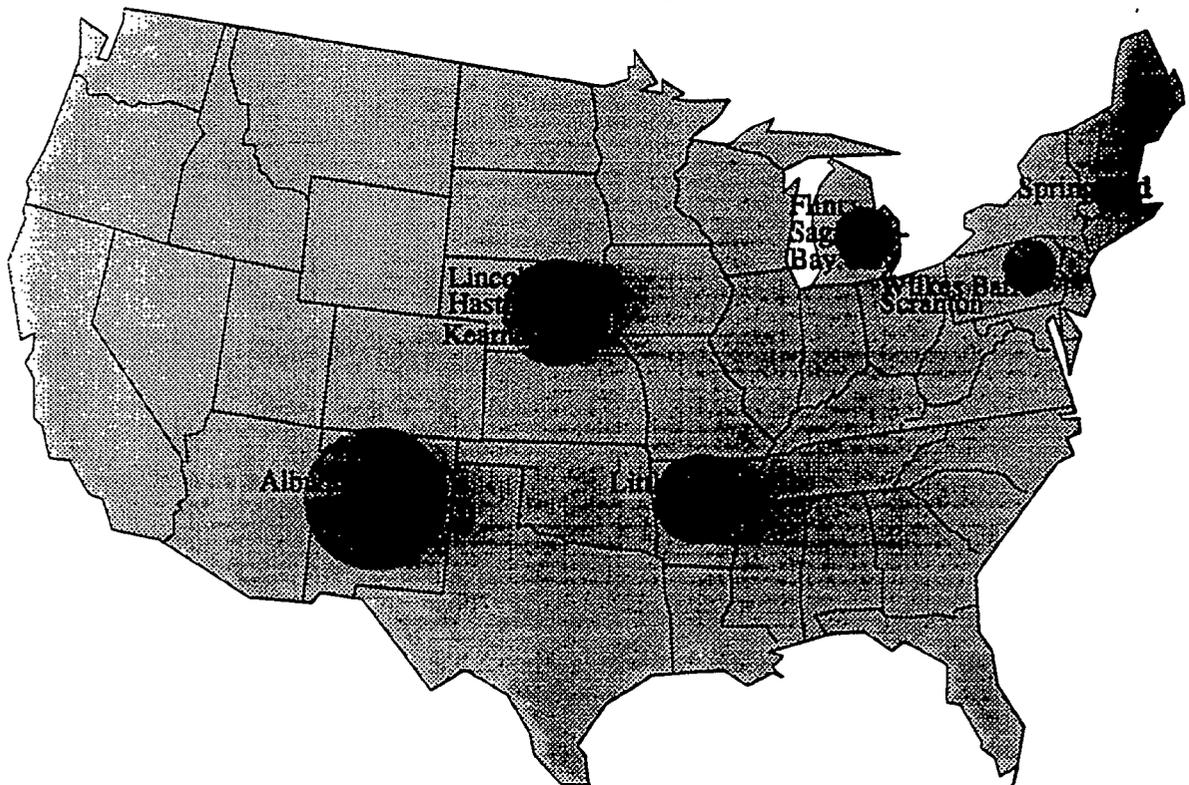
The advertising campaign that emerged out of this research consisted of five ads:

<u>Title</u>	<u>Description</u>
<b>Four Times More</b>	Low key, informational. On-screen text with voice-over. Describes disproportionate impact of excise taxes on middle income families.
<b>Man at Pump</b>	Middle class symbols. Man pumps gas into family van, gets in, unloads kids at little league. Talks about the products subject to excise tax. Raises stopping government corruption and waste as alternative source of revenue. Ends with average families can't pay any more theme.
<b>Rural Roads</b>	Aired only in rural markets. Man and woman in a truck traveling down a country road. Opposition between "Washington politicians" and needs of real people stressed. Mentions disproportionate impact of excise taxes on rural residents.

<u>Title</u>	<u>Description</u>
<b>Mansion</b>	Shows expensive cars. Compares with price of beer, shown in context of backyard barbecue. Ends by asking which one the viewer thinks the federal government is planning to tax.
<b>Studies Show</b>	Same style as "Four times more." Recaps main themes of the campaign, stresses impact of excise taxes on average families, notes alternative approaches for revenue enhancement.

The ads were shown in six markets selected to represent a range of political and socio-economic environments:

- Albuquerque, New Mexico (Population: 1,100,000)
- Lincoln-Hastings-Kearney, Nebraska (Population: 700,000)
- Little Rock, Arkansas (Population: 1,200,000)
- Flint-Saginaw-Bay City, Michigan (Population: 1,200,000)
- Wilkes Barre-Scranton, Pennsylvania (Population: 1,200,000)
- Springfield, Massachusetts (Population: 600,000)



The ads aired for three weeks, from January 22 through February 11, 1990, at 1,000 Gross Rating Points per week per market. The media buys were as follows:

Urban markets:

Days 1 - 10:	Man at Pump	900 GRP
	Four Times More	600 GRP
Days 11 - 21:	Mansion	900 GRP
	Studies Show	600 GRP

Rural Markets:

Days 1 - 7:	Man at Pump	666 GRP
Days 1 - 10:	Four Times More	500 GRP
Days 8 - 14:	Rural Roads	666 GRP
Days 11 - 21:	Studies Show	500 GRP
Days 15 - 21:	Mansion	666 GRP

## **EVALUATION PROCEDURES: METHODOLOGY**

In order to measure the impact of the campaign, a series of quantitative surveys were conducted. Each of the studies used the same basic methodology:

- All the research was conducted by telephone;
- To ensure quality control and client confidentiality, interviews were conducted from KRC's in-house phone bank facility;
- All respondents were contacted using random digit dialing techniques to ensure that all telephone households in the designated geographic locations had an equal probability of selection;
- The geographic areas surveyed were the Arbitron-defined Areas of Dominant Influence (ADI's) comprising each media market.

The specific attributes of the individual studies are described on the following pages. The survey instruments used for each study will be found in Appendix A.

## Pre-Test

The pre-test consisted of 3,000 interviews, 500 in each market. The surveys were conducted concurrently in all six markets. The field work was executed between December 15th, 1989, and December 29th, 1989. No interviews were conducted on December 24th or 25th. Each interview was approximately 12 minutes in duration.

The margin of error due to sampling for each market is +/- 5.5%. The margin of error for the 3,000 aggregated interviews is +/- 1.8%.

## Tracking

From January 22nd through February 12th a nightly tracking poll was conducted. This poll consisted of 50 interviews per night per market. The questionnaire was extremely brief, measuring only ad recall and opinion of an excise tax increase. Each interview lasted about 3 minutes.

The results of this poll were examined in three-night rolling samples of 150 for each market. The margin of error for the rolling track in each market is +/- 7.8%, thus making individual results far less important than the general trends in the data.

Finally, for simplicity, this report also refers to aggregated totals combining the interviews from all markets. The margin of error for the weekly aggregated sample is +/- 2.1%. The margin of error for the aggregated Thursday night samples of approximately 900 interviews is +/- 2.9%.

## **Post-Test**

The post advertising survey recapitulated the pre-advertising study. The questionnaires were essentially identical, with advertising recall questions being added to the post-test.

Interviews were conducted from February 15th through February 20th, 1990.

As with the pre-test, 500 interviews were conducted in each market, and the margin of error due to sampling for each market is +/- 5.5%. The margin of error for the 3,000 aggregated interviews is +/- 1.8%.

**NOTE:** To simplify the presentation of the results, this report will usually refer to aggregated data from all of the markets for both the pre- and post-test data. Bear in mind that the margin of error for sub-samples is somewhat higher than for the sample as a whole.

**Readers desiring market by market data are referred to Appendix B.**

## **PRE-TEST: THE EXISTING ENVIRONMENT**

The pre-test results confirmed the enormous anti-tax sentiment among the public identified in the earlier research. The data showed strong resistance to new taxes of any sort and also confirmed the general ignorance among the public concerning both what excise taxes are and the nature of their impact on different segments of society.

The pre-test revealed that consumer excise taxes are definitely "low profile" taxes:

- Voters are significantly less aware of these taxes than they are of other forms of taxation;
- Among those voters who do report an awareness of consumer excise taxes, very few are able to define what these taxes are; and,
- While a majority of voters oppose increases in consumer excise taxes, their rationale for this opposition is based largely on a general anti-tax sentiment, rather than on the particular liabilities inherent in consumer excise taxes.

## Awareness

Virtually all respondents are familiar with income tax, property taxes, and state and local sales taxes, and about four-fifths are familiar with capital gains taxes and corporate taxes. By contrast, only half reported that they had heard of consumer excise taxes.

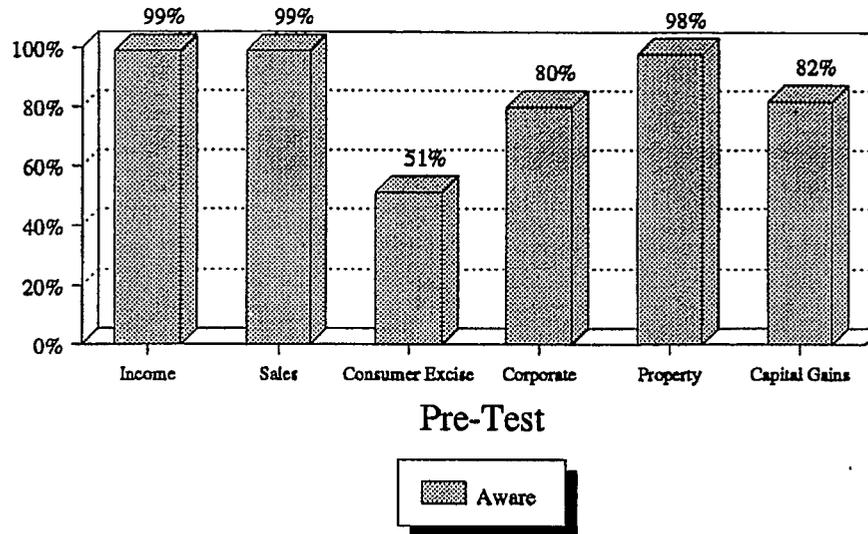
## Opinions Concerning Raising Excise Taxes

After being told a bit about what consumer excise taxes are, respondents expressed mixed opinions about whether or not these taxes should be raised. In all markets a majority opposed raising these taxes. In spite of this opposition, the results of the pre-test, give ample evidence that people are generally unclear about the precise impact of excise taxes.

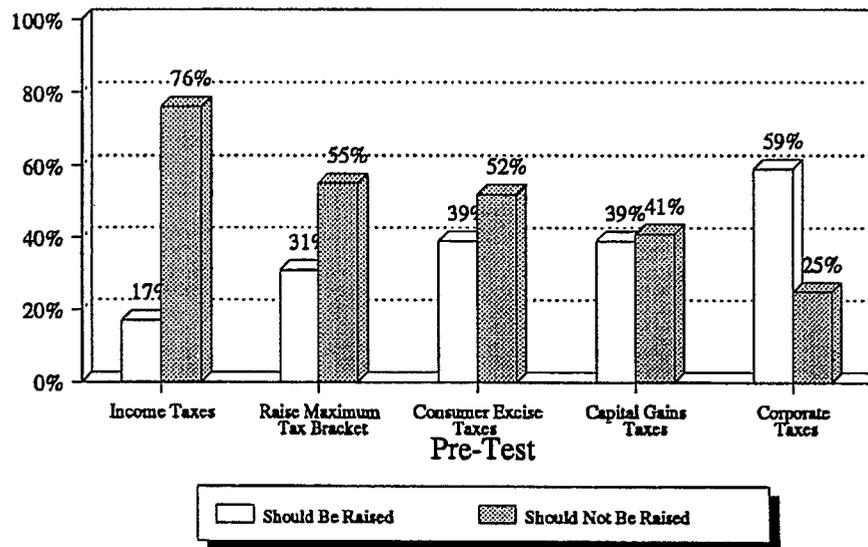
Respondents, even if they generally oppose increases in excise taxes, would rather see excise taxes increase than other forms of taxation. In keeping with the general tendency to be most amenable to increases in those taxes which have the least personal impact, overall people are:

- Most favorably inclined to increases in corporate taxes;
- Next most open to increases in excise taxes and capital gains tax;
- Somewhat amenable to changing the tax rate on the highest tax bracket; and,
- Most opposed to an increase in personal income taxes.

## Which Of The Following Types Of Taxes Have You Heard Of?



## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised?



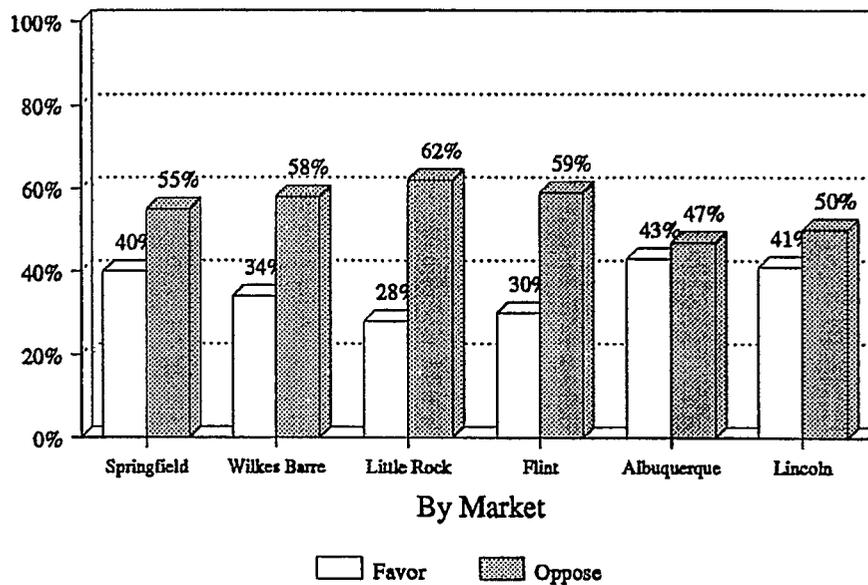
## **Initial Opinions Concerning Excise Taxes**

- We see general opposition to the idea of raising excise taxes to solve the deficit problem;
- The reasons cited for opposition reflect general anti-tax sentiment, rather than any specific knowledge about excise taxes;
- Respondents (even those who say they know what excise taxes are) display relatively little comprehension of the nature or impact of excise taxes;
- Respondents often offer definitions that show they are responding to the name rather than from any prior knowledge (i.e., "a tax on consumer products").

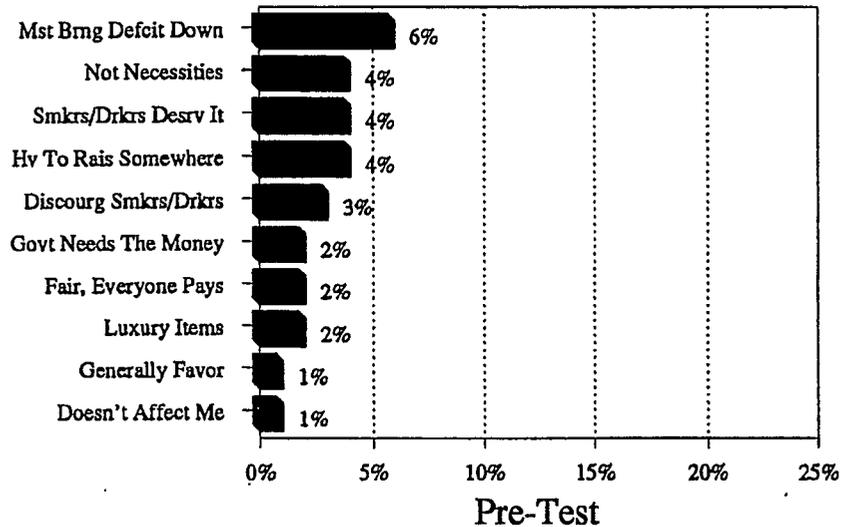
## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit?

Some political leaders in Washington have proposed raising consumer excise taxes, which are federal sales taxes on items such as gasoline, alcohol and tobacco, to help reduce the federal budget deficit. Do you strongly favor, somewhat favor, somewhat oppose or strongly oppose raising these taxes to reduce the deficit?

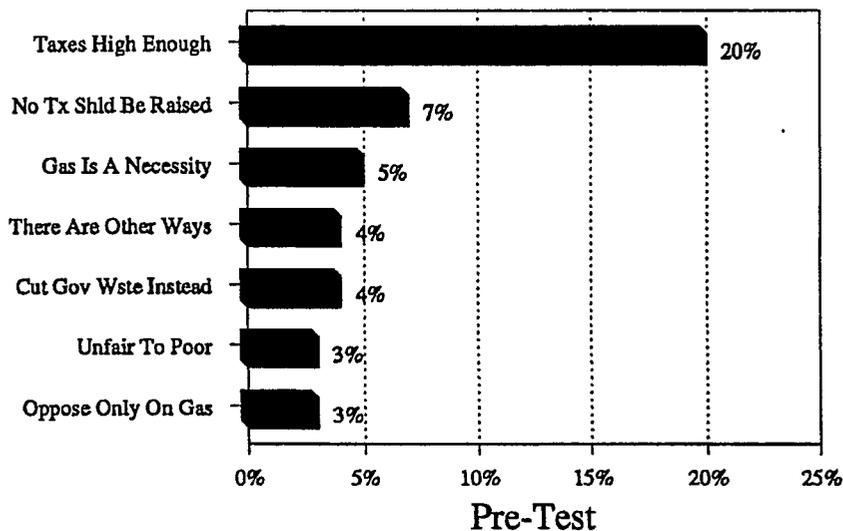
### Pre Test Results



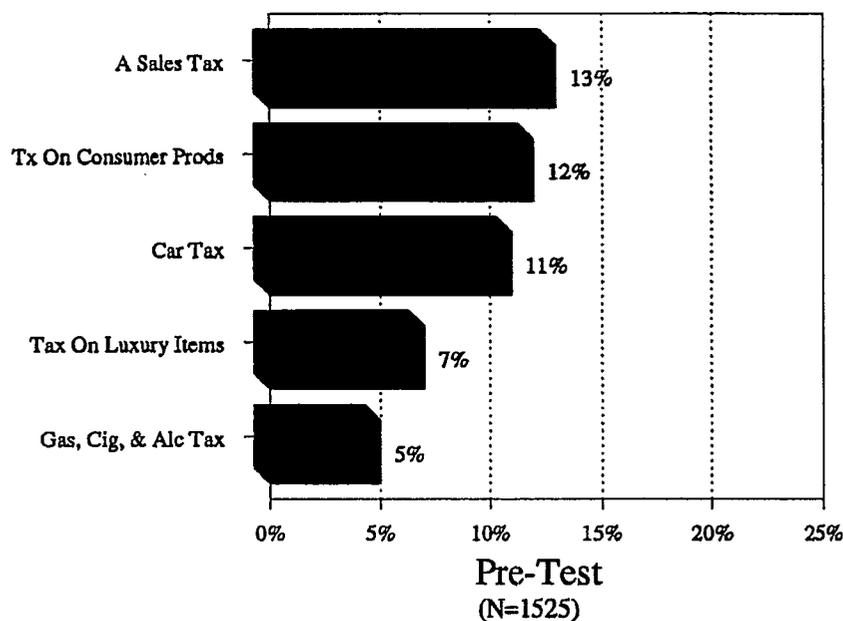
## Why Do You Say That You Favor Increasing Consumer Excise Taxes?



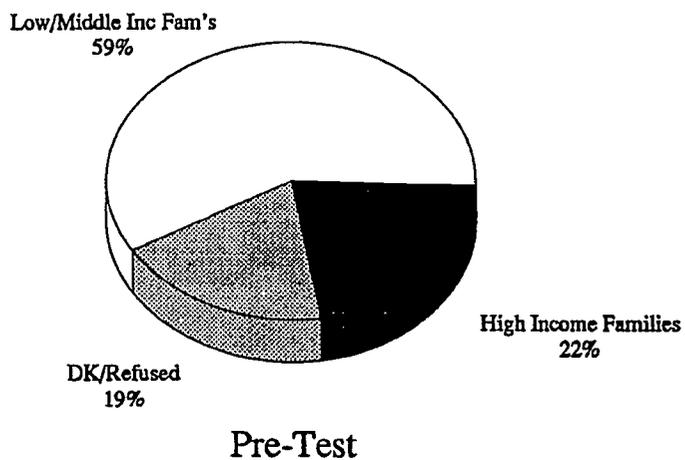
## Why Do You Say That You Oppose Increasing Consumer Excise Taxes?



# What Is A Consumer Excise Tax?



## Who Would You Say Pays The Most Consumer Excise Taxes Low and Middle, Or High Income Families?



## Establishing the Context for the Issue

The pre-test demonstrated that, whatever the impact of the advertising, the simple strategy of describing excise taxes as "consumer excise taxes" leads to opposition to increases, in contrast to the support often reported by polls which refer to these taxes as "sin" taxes.

The data makes clear that understanding of excise taxes is very poor. When excise taxes are characterized as "sin" taxes the public is left with the impression that this form of taxation is elective, that individuals can control the impact of it by refraining from undesirable activities. When the everyday nature of the items subject to excise tax is indicated by the word "consumer" the general anti-tax sentiment of the electorate is brought into play and these taxes become less attractive.

Clearly, studies citing widespread support for excise taxes address the issue in an artificially narrowed context where respondents are asked to take the necessity of a tax increase as a given. The broader setting of the questions asked on this page account for the difference in the findings.

## **TRACKING: THE DYNAMICS OF THE CAMPAIGN**

The nightly tracking conducted during the airing of the media campaign shows clearly the impact of the advertising. By the end of the campaign:

- 50% of respondents actively recall seeing the advertising;
- 60% are aware of excise taxes, increased from 43% at the start of the track;
- 69% are opposed to increasing excise taxes with only 23% in favor, compared with the pre-test result of 55% opposed, 36% in favor.

In addition to the overall growth in ad recall, the data indicates that the advertising achieved even greater penetration and succeeded in influencing those people who do not actively recall having seen the ads.

Thus, looking at the table on the following page, we see that for weeks two and three of the tracking the opinion of those who do not recall the advertising begins to look much more like the opinion of those who do recall the ads.

We should not forget that television is a passive medium. People receive information from it but do not necessarily recall the source. In fact, the shift in opinion without the active recall of the advertising is a desirable result. The public is very aware of attempts to manipulate it. The formation of opinion without the recollection of the catalyst means that people will not turn on their well developed critical/cynical mode of relating to television advertising.

**WEEK TO WEEK TRACKING RESULTS: ALL MARKETS**  
(%)

	<u>Pre-test</u>	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>
All Respondents:	[N=3,000]	[N=2,109]	[N=2,078]	[N=2,071]
Favor	36	31	22	23
Oppose	55	61	70	69
(Margin)	(19)	(30)	(48)	(46)
 Recalling Ads:		[N=489]	[N=758]	[N=953]
Favor		24	30	19
Oppose		69	77	77
Margin		<b>(45)</b>	<b>(47)</b>	<b>(58)</b>
 Not Recalling Ads:		[N=1,620]	[N=1,320]	[N=1,118]
Favor		32	24	26
Oppose		59	67	65
Margin		(27)	<b>(43)</b>	<b>(39)</b>

The day-to-day results show that the most significant shifts in opinion occurred in the first week to week and a half of the campaign. The latter half of the campaign served to solidify these gains.

The advertising recall numbers clearly demonstrate the impact of the "Mansion" ad. While opinion begins to shift almost as soon as the first ads air, active recall of the advertising shows a significant upturn when the "Mansion" ad begins to reach the 300 - 500 cumulative GRP level.

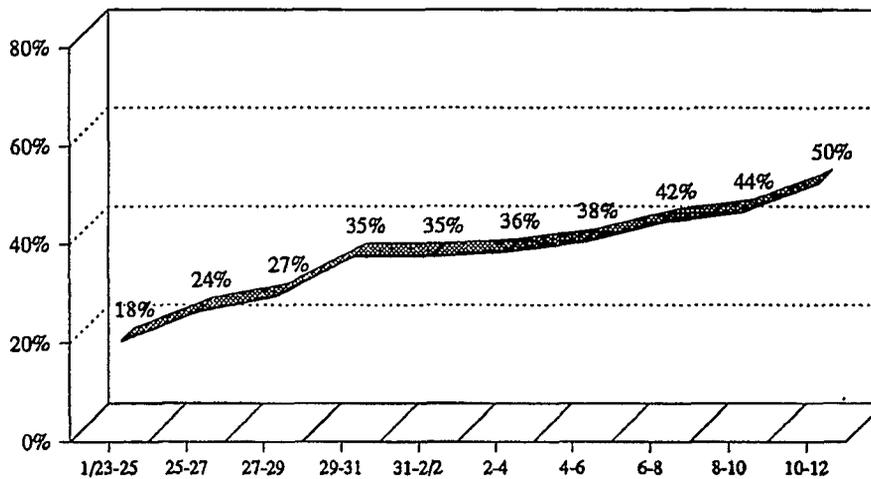
To simplify presentation of the tracking results, the following charts report aggregate three-day rolling samples from all six markets. Every other day's results are shown to avoid clutter. As noted earlier in the methodology section, for the tracking poll only the general trend of the data is of significance, not results from individual nights. Day by day results for individual markets will be found in Appendix B.

The two charts on the following page summarize the data on recall of the advertising and on recognition of the term "consumer excise tax."

The charts on p.32 show how opposition to excise tax increases grew during the course of the media campaign. The lower chart shows the difference between the percentage opposing and favoring increases in excise taxes.

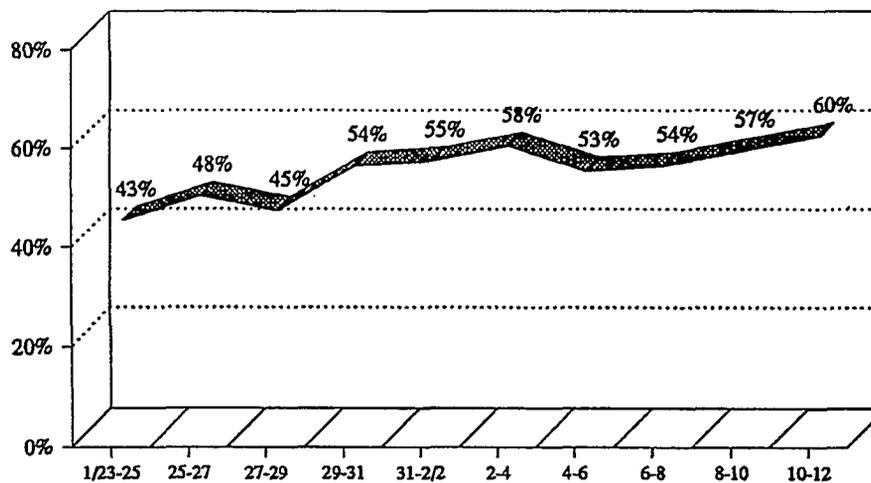
# Ad Recall

(Aggregate 3 Day Tracking Totals)

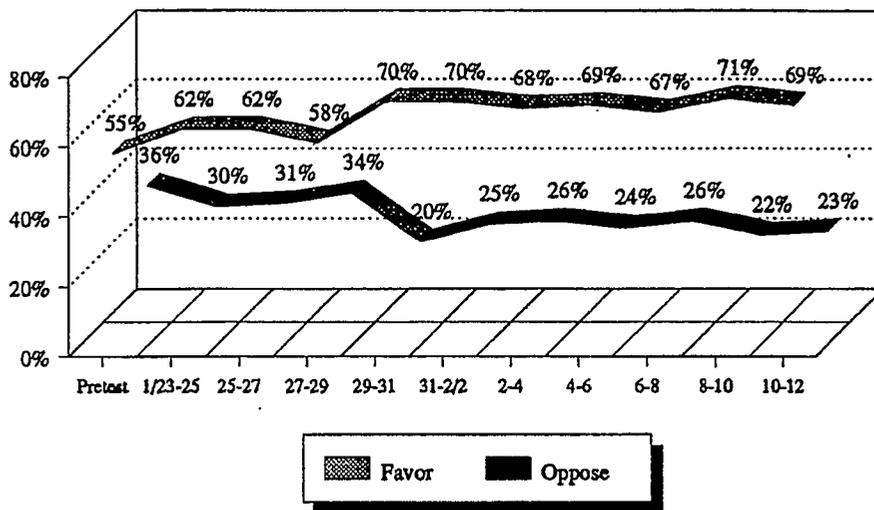


# Awareness Of Excise Taxes

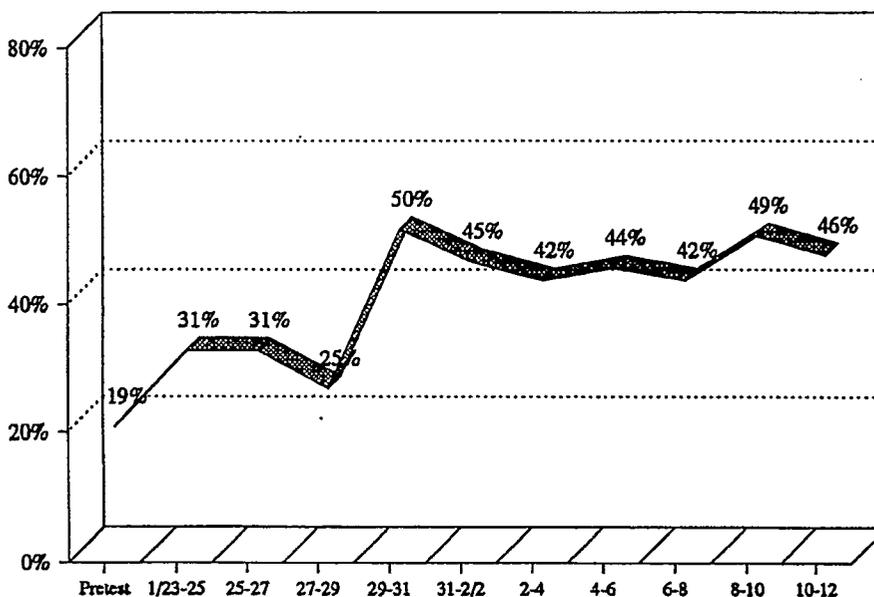
(Aggregate 3 Day Tracking Totals)



## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit? (Aggregate 3 Day Tracking Totals)



## Growth Of Margin

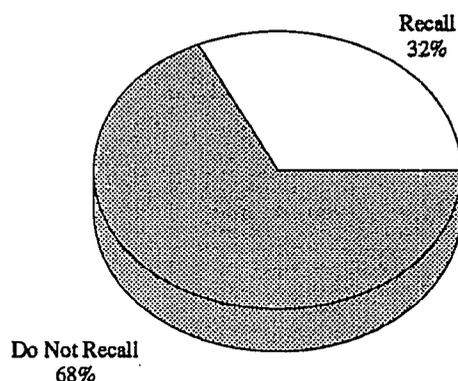


## **POST-TEST: THE RESULTS**

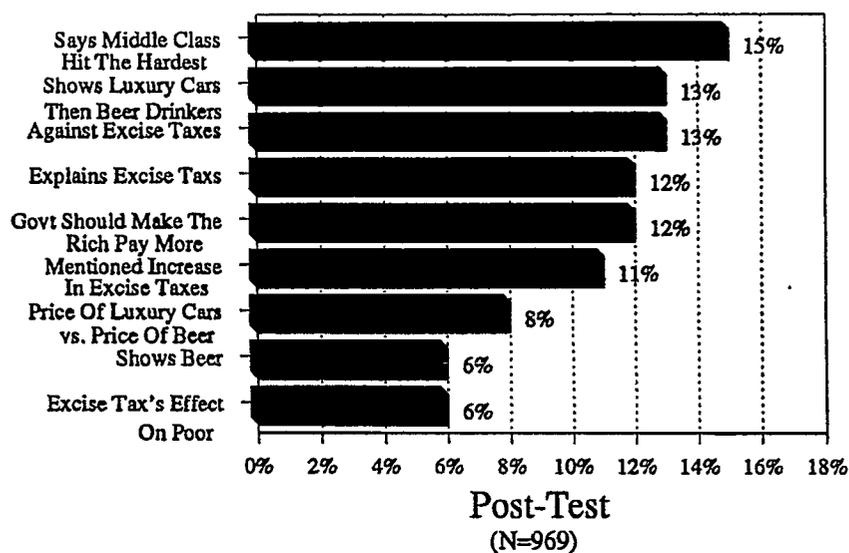
The net effect of the advertising campaign is dramatically illustrated by the post-test.

- The post-test, conducted a few days after the advertising had ceased being shown, still shows one third of all respondents actively recalling seeing the ads.
- When asked what they remember from the advertising the answers which dominate are:
  - The pro-middle class message: "the middle class will be hit hardest by an increase" (15%), "government should make the rich pay more" (12%);
  - The visual impact of the Mansion, for example: "luxury cars followed by beer drinkers" (13%), "comparison of the prices of luxury cars and beer" (8%), "picture of beer" (6%); and,
  - The general educational message: "opposed excise taxes" (13%), "explains excise taxes" (12%), "mentions an increase in excise taxes" (11%).
- The advertising's impact on awareness is clear: while in the pre-test only one half of all respondents were aware of excise taxes, in the post-test over two-thirds are aware.

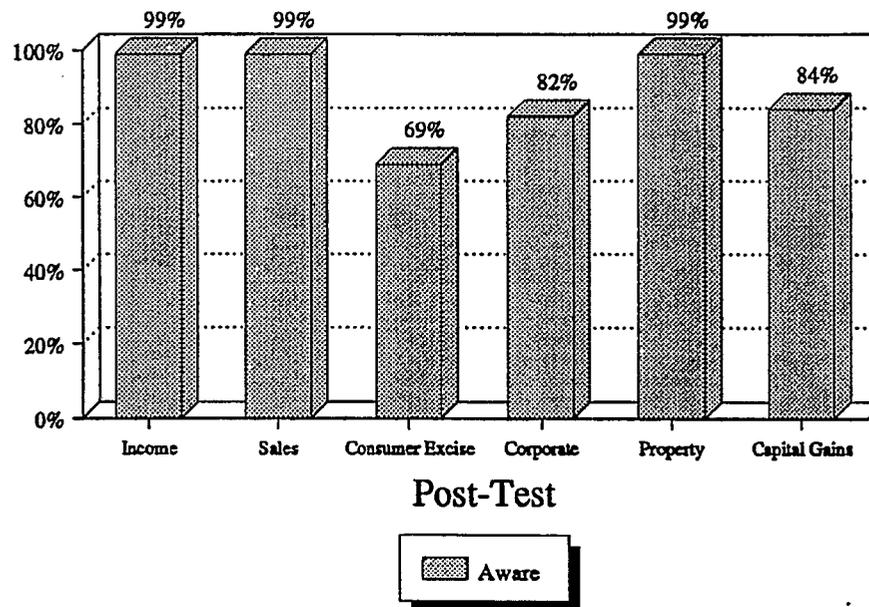
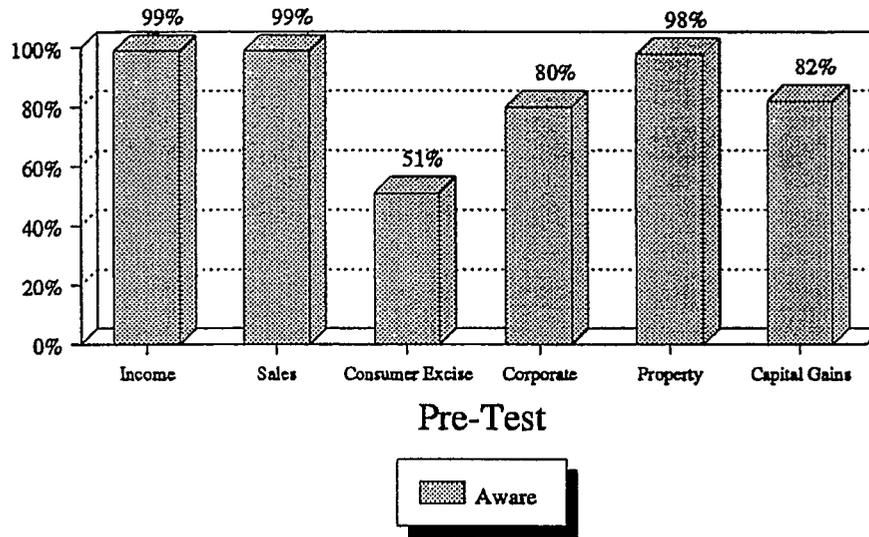
# Cumulative Ad Recall



## What Do You Recall About The TV Ads That You Saw?

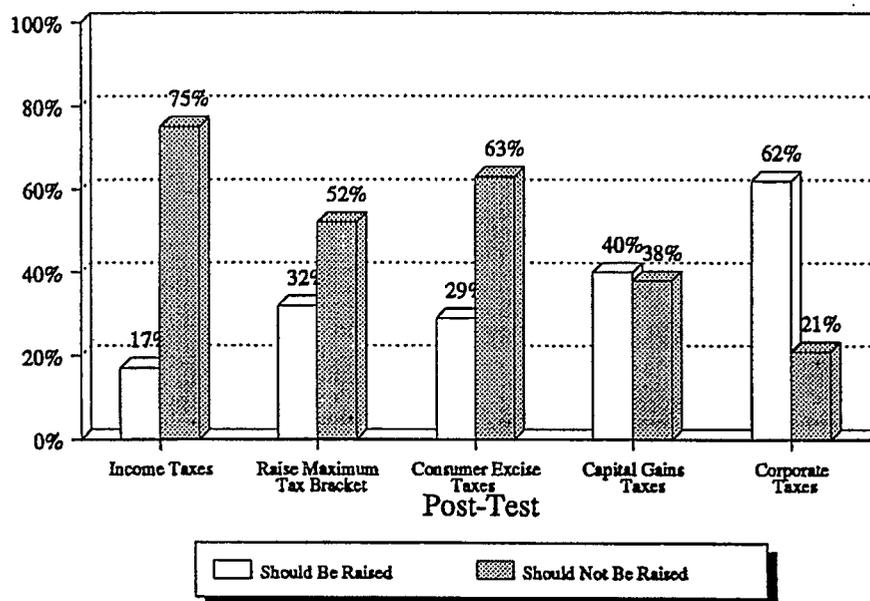
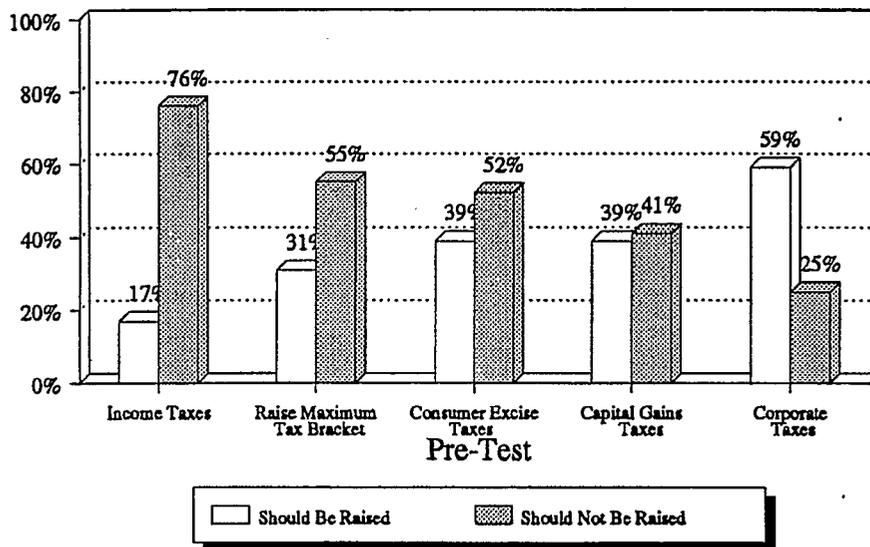


# Which Of The Following Types Of Taxes Have You Heard Of?



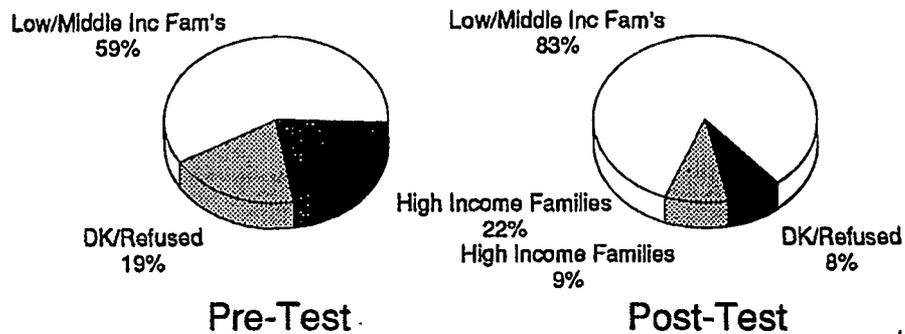
- The series of questions asking which taxes should be raised if a tax increase is necessary reveals a substantial shift in how consumer excise taxes are viewed:
  - In the pre-test consumer excise taxes ranked in acceptability a little lower than raising the tax on the highest income bracket and a little higher than increasing the capital gains tax;
  - In the post-test, an increase in consumer excise taxes is more strongly opposed than increasing the tax on the highest tax bracket;
  - In fact, the opposition to increasing consumer excise taxes on the post-test more closely resembles the opposition to an overall increase in personal income tax than anything else tested on either the pre-test or the post-test.
- Respondents have come to feel that consumer excise taxes have a direct impact on their lives comparable to that of a personal income tax, and this view is a far cry from the ill-defined understanding of excise taxes exhibited in the pre-test.

## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised?



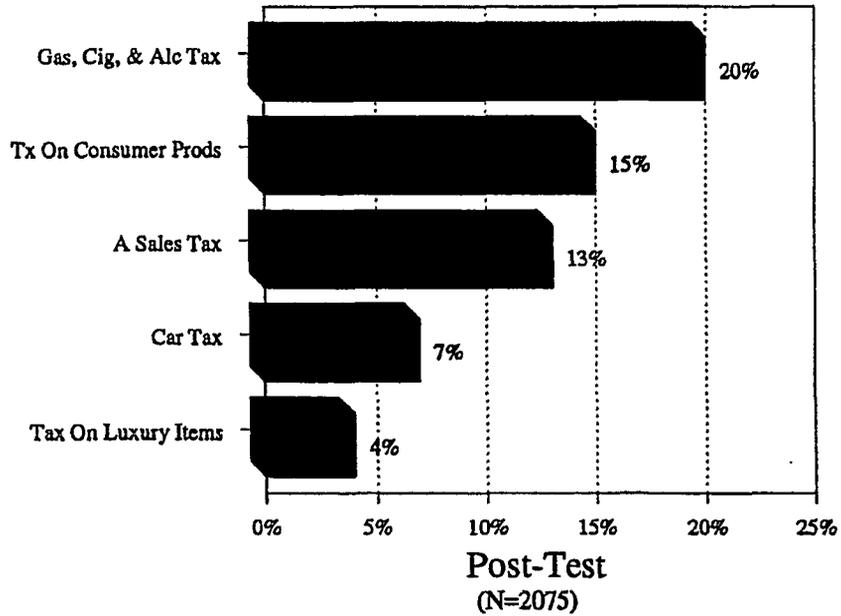
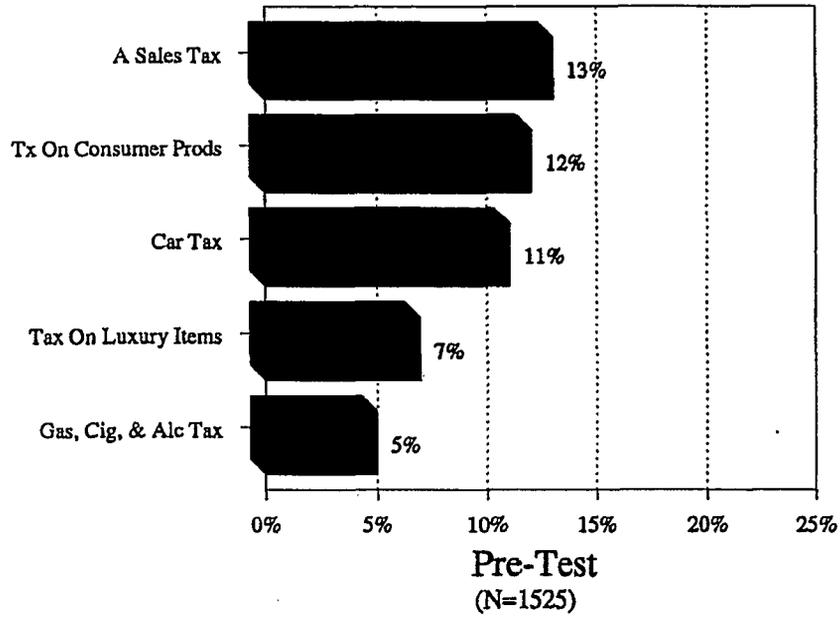
- Post-test respondents recognize the impact of excise taxes on the middle class. When we look in more detail at how opinion changes from the pre-test to the post-test, this will emerge as a key contributor to the shift.

## Who Would You Say Pays The Most Consumer Excise Taxes Low/Middle OR High Income Families?



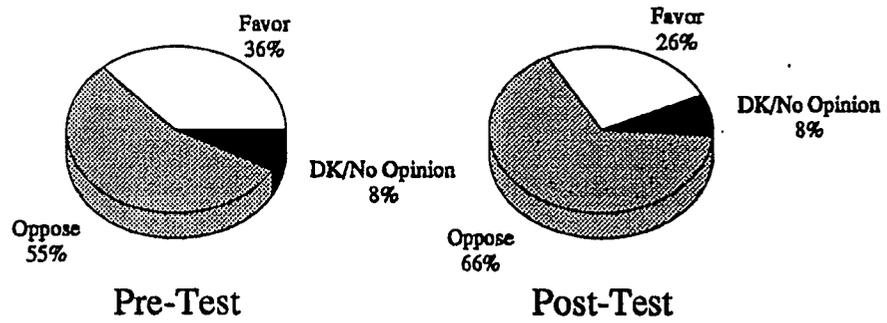
- Increased understanding of excise taxes is further revealed by the open ended definitions offered by respondents:
  - Of those saying they know what a consumer excise tax is, the percentage of people correctly and precisely identifying consumer excise taxes as taxes on gasoline, cigarettes, and alcohol has quadrupled from 5% to 20%;
  - Since the open-ended question was asked only of those who said they knew what an excise tax was, and since the proportion of such people has increased by a third from the pre-test to the post-test, this represents an increase among the total sample from 3% in the pre-test to 14% in the post-test;
  - **The proportion of the total sample giving any kind of correct definition of excise taxes has grown from approximately 15% in the pre-test to 37% in the post-test.**

# What Is A Consumer Excise Tax?



- Most importantly, we see a substantial growth in the numbers who oppose the suggestion that consumer excise taxes be raised in order to solve the deficit:
  - In the pre-test, this was opposed by 55% to 36%;
  - In the post test, increases are opposed by 66% to 26%.
  
- Thus, we see that the margin by which increases in excise taxes are opposed has doubled:
  - **From the safe 19%** we obtained from our initial framing of the question as one of "consumer excise taxes,"
  - **To an overwhelming 40%** once respondents have some pre-existing knowledge about the topic.

## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit?



## THE OPINION SHIFT EXAMINED

Looking at both the tracking and the post test results, we see that by the end of the media campaign a substantial shift in opinion on the desirability of excise taxes as a source of revenue had occurred, and that this shift endured after the active re-enforcement of the advertising was removed.

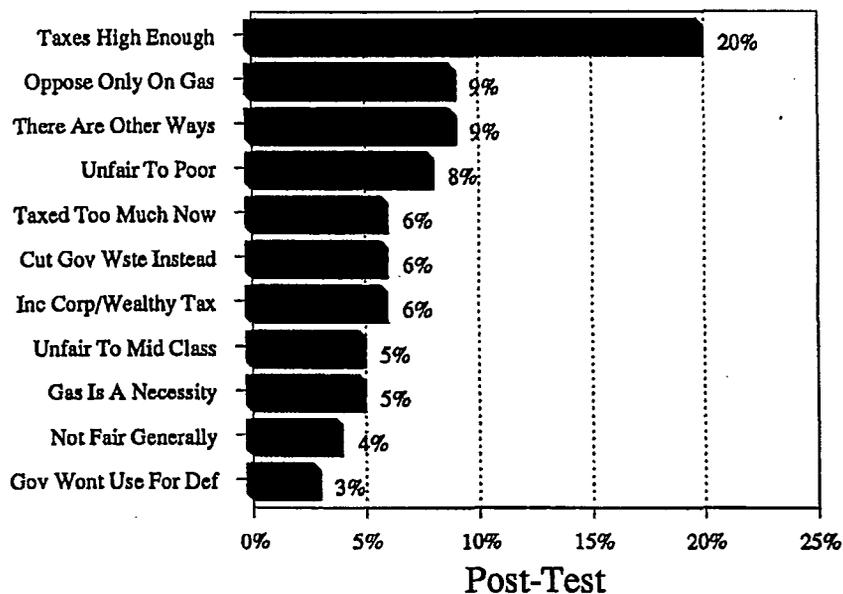
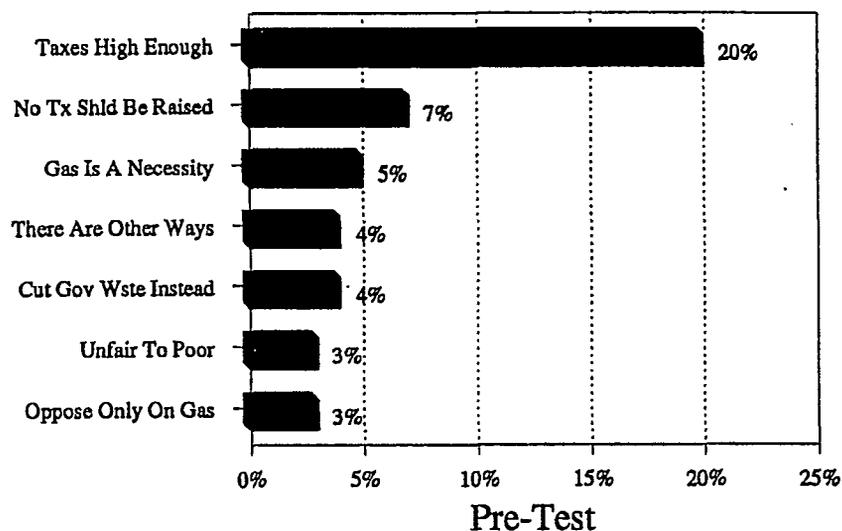
	<u>Favor</u>	<u>Oppose</u>	<u>Margin</u>
Pre-test	36	55	19
Last 3-day tracking (N=900)	23	69	46
Post-test	26	66	40

Bear in mind that in the post test only 32% actively recall the advertising, while for the last day of tracking 60% recall the advertising. Thus, even though active recollection of the advertising is cut in half from the track to the post-test, the shift in opinion endures.

From these numbers we know that the campaign worked -- the question then becomes how and why it worked. Before we can address this, however, we must look at the exact nature of the movement.

Looking at the reasons that people give for their opposition to increased excise taxes, we see that in the post-test more concrete responses are given. While 20% still cite the primary reason as being that taxes are high enough already, an entire battery of ancillary reasons are given in the post test results: there are other ways to reduce the deficit, unfair to the poor, waste should be cut, corporate taxes and taxes on the wealthy should be increased, unfair to the middle class, etc.

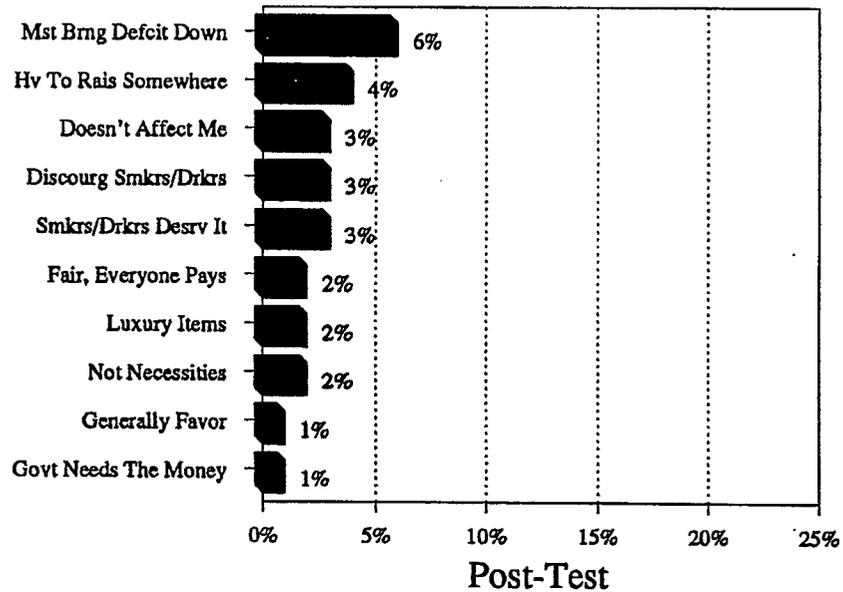
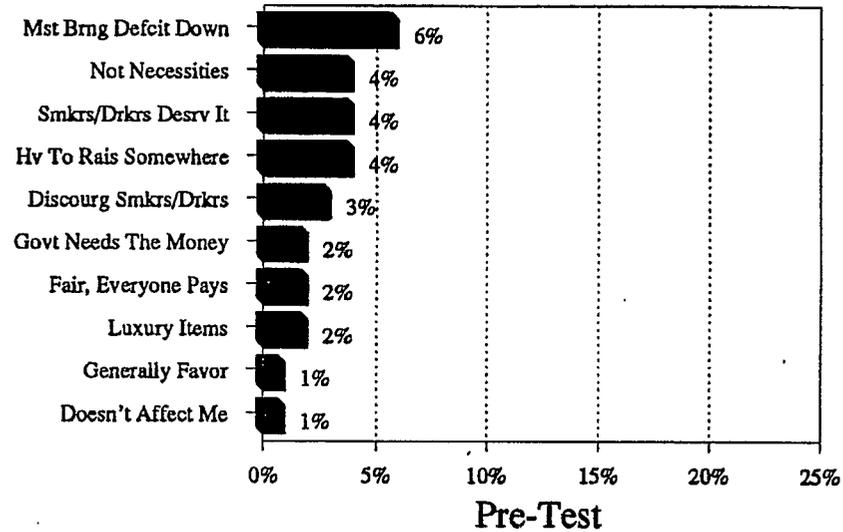
## Why Do You Say That You Oppose Increasing Consumer Excise Taxes?



(c) 1990 KRC/Q14

By contrast, the reasons given by those who support increasing excise taxes remain virtually unchanged from the pre-test to the post-test. The most compelling reason is the necessity for reducing the deficit and this is reinforced with a collection of reasons that are related to the elective and/or punitive character of excise taxes. We will examine the characteristics of the hard core support for increased taxes in a few pages.

# Why Do You Say That You Favor Increasing Consumer Excise Taxes?



(c) 1990 KRC/Q14

## Demographic Dimensions of the Movement

In the pre-test, those who favored increases to excise taxes tended to be:

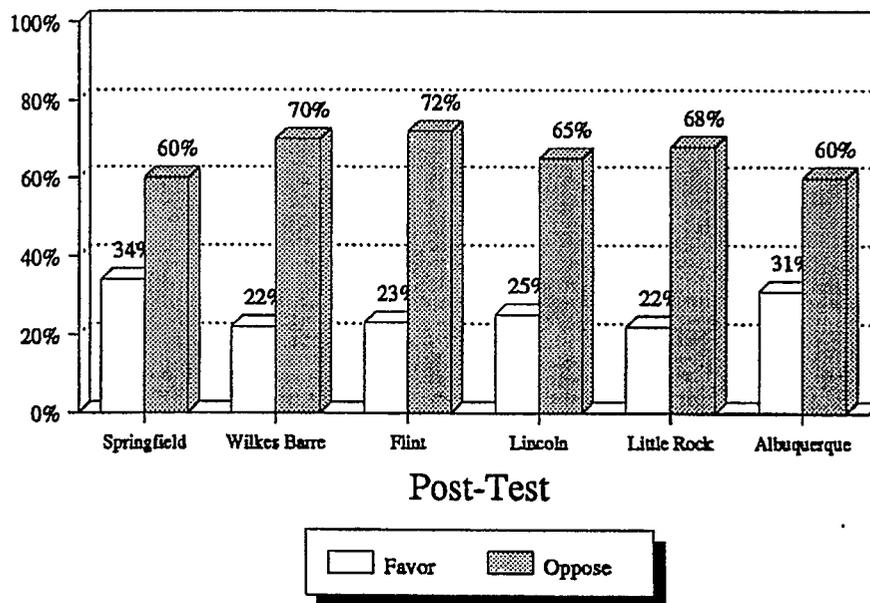
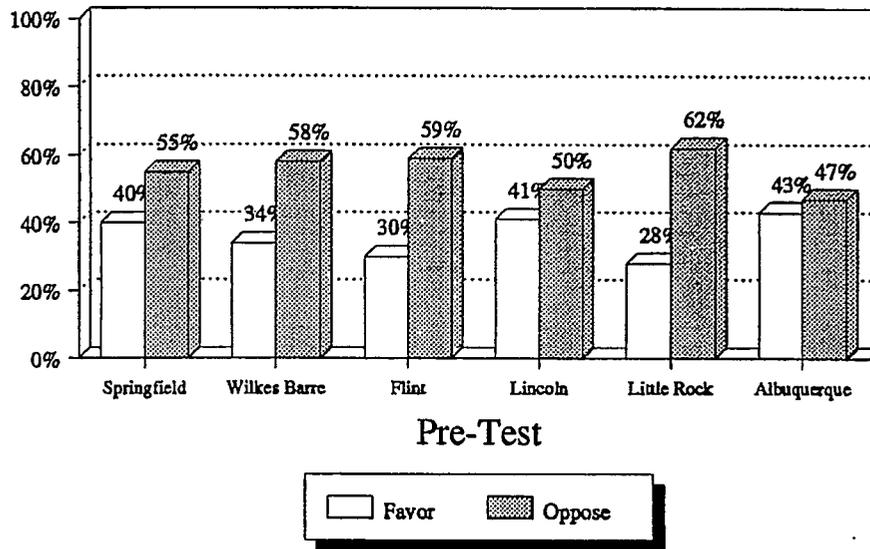
- More female than male (men opposed increases by 59% to 34%; women by 51% to 38%);
- A bit wealthier than the sample as a whole;
- More Republican than Democrat.

In addition, while smokers opposed increases by an almost three to one margin (72% opposed; 23% in favor), non-smokers were more ambivalent (49% opposed; 39% in favor).

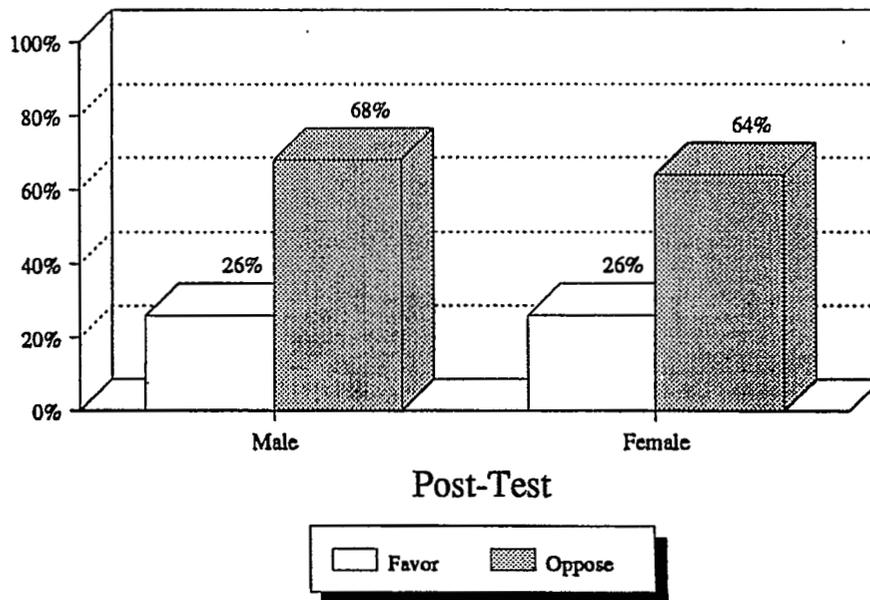
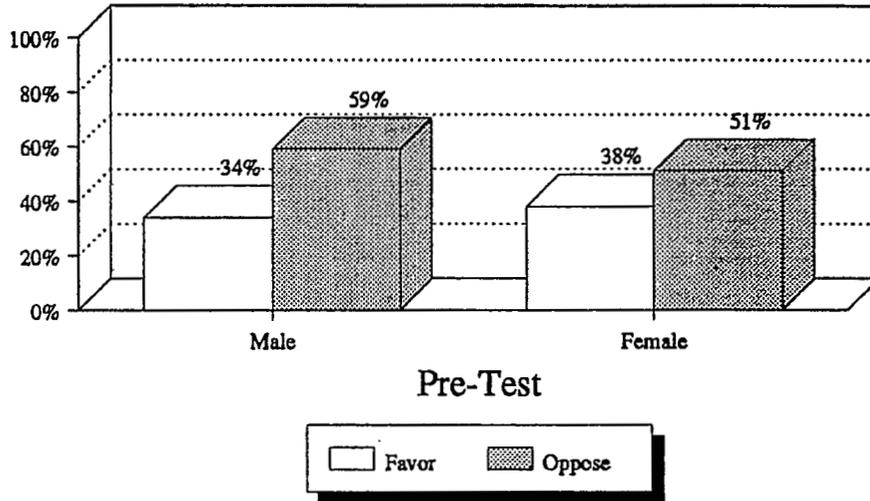
In the post test, we see that:

- The sex gap has been almost completely closed (men oppose 68% to 26%; women 64% to 26%) ;
- Opinion has changed uniformly among all income groups and political parties, although Republicans and the wealthy are still more likely to favor increases than other groups;
- Opposition to increases among non-smokers has increased to an almost two to one margin (60% opposed to 31% in favor), while the opposition to increases among smokers has been galvanized (82% oppose increases; only 13% favor).

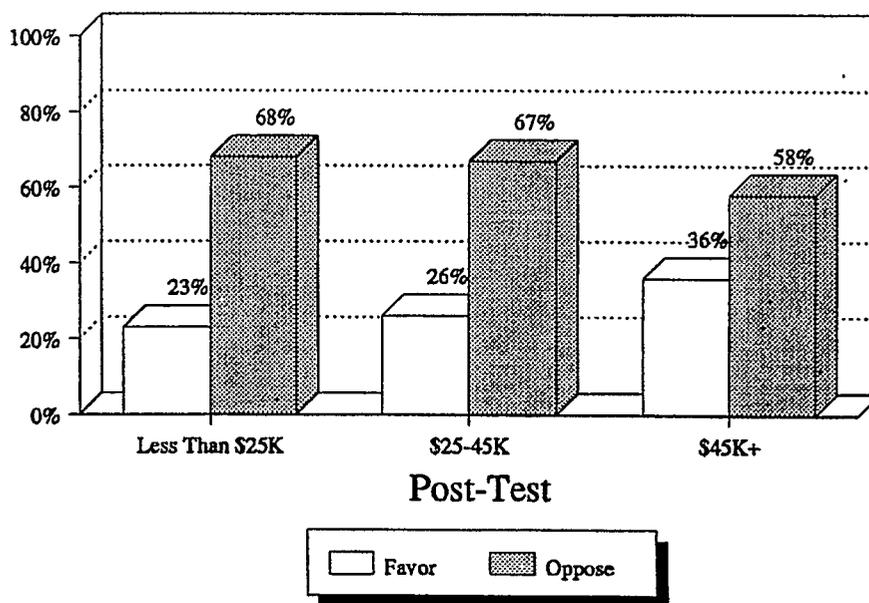
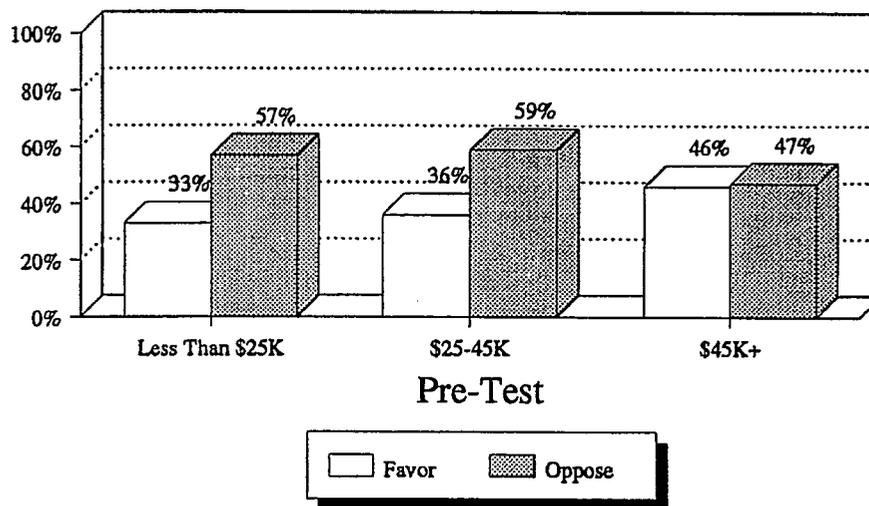
## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit?



# Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit? By Sex

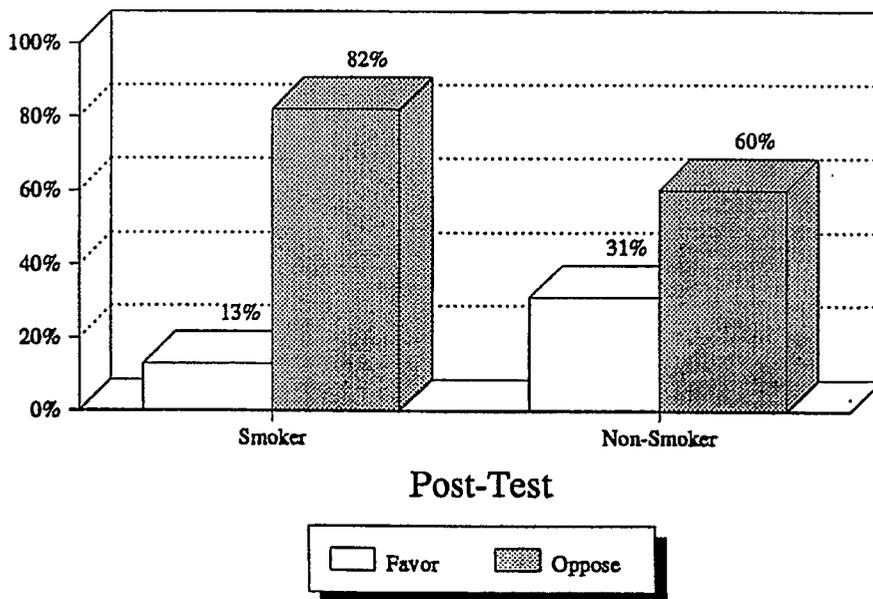
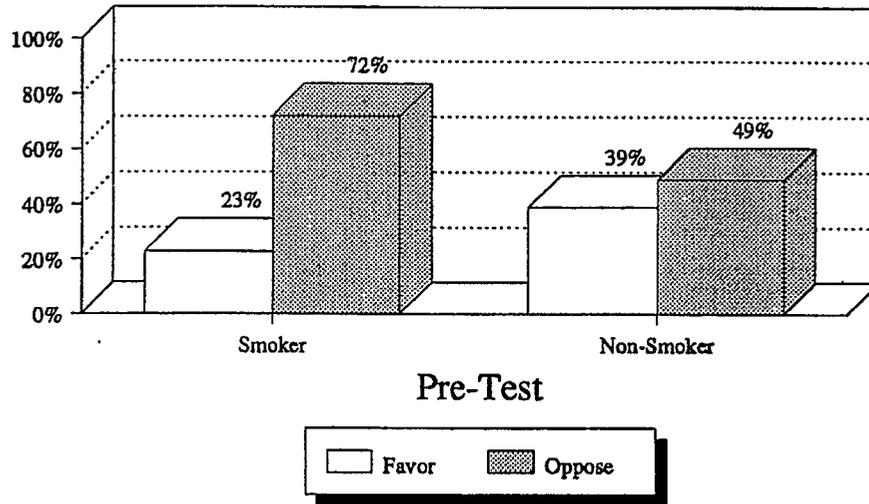


## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit? By Income

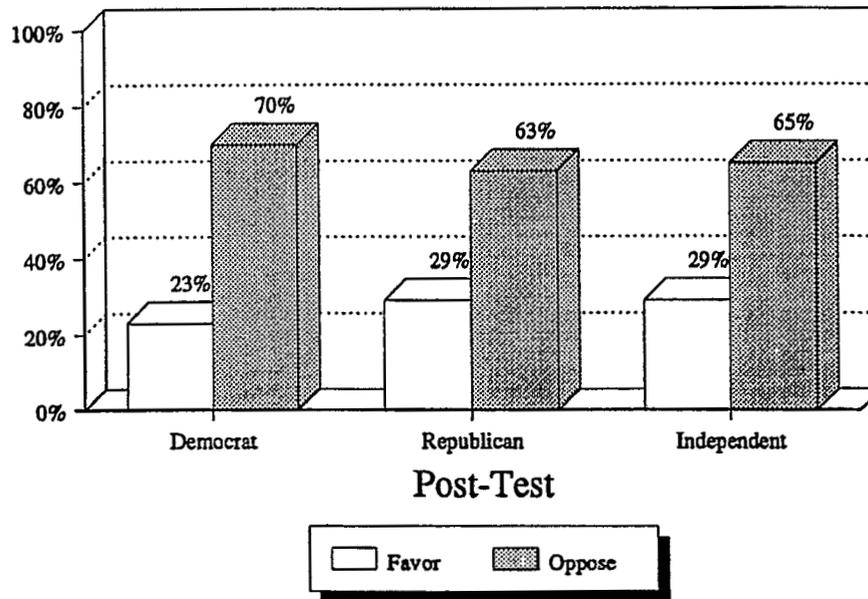
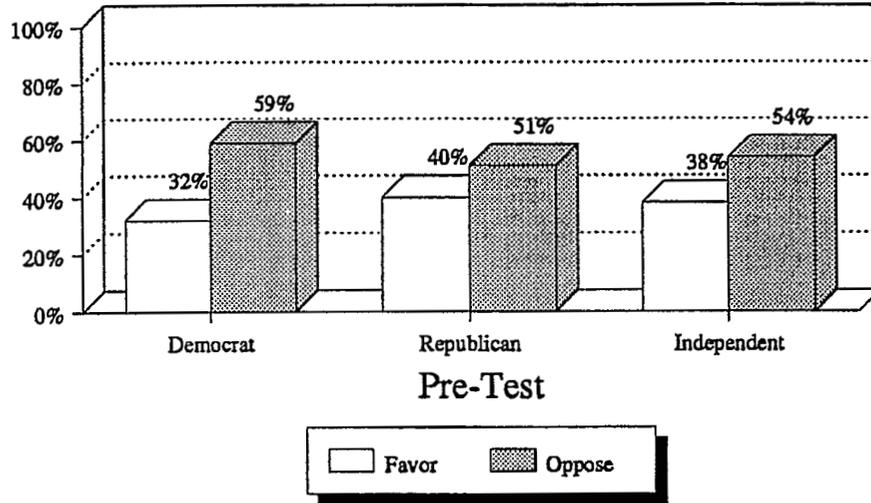


(c) 1990 KRC/Q13

## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit? By Smoking

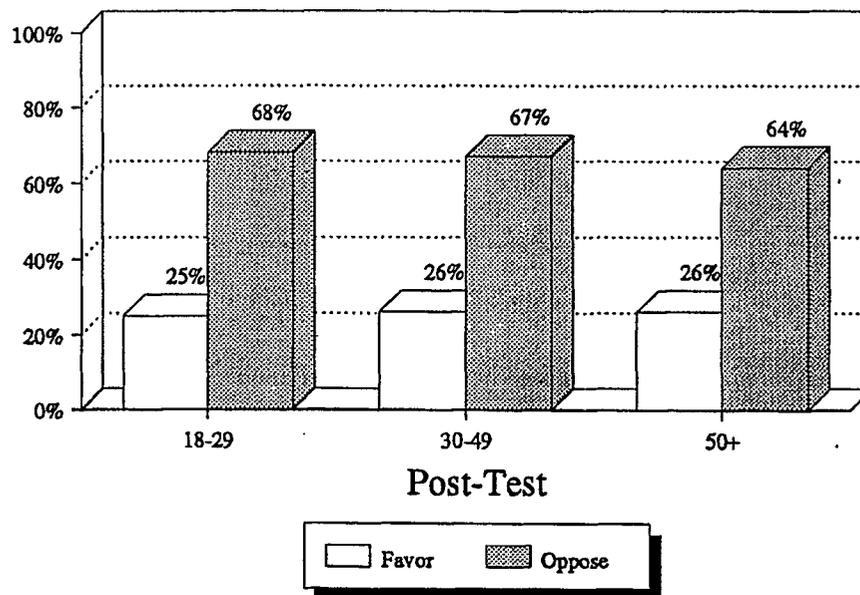
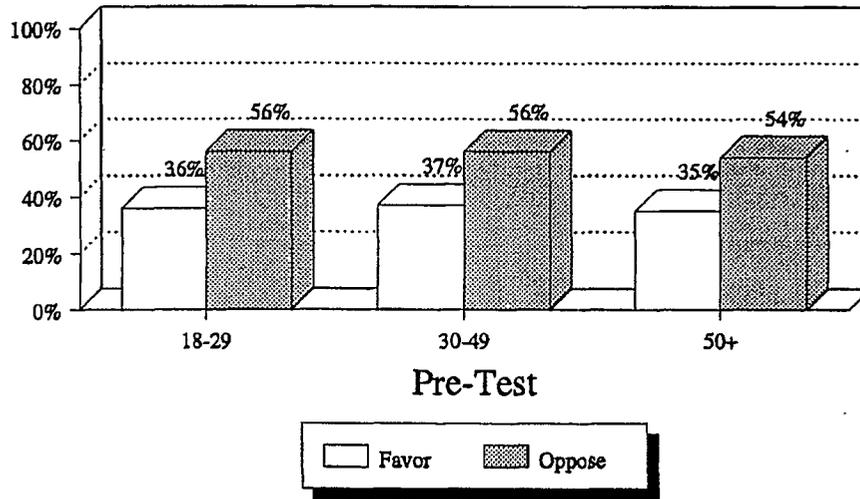


## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit? By Party



(c) 1990 KRC/Q13

## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit? By Age



## **The Characteristics of Those Who Would Raise Excise Taxes**

As noted earlier, the justifications for favoring increased excise taxes do not change substantially from the pre-test to the post-test. What do change are the number and character of the people holding these views.

We see that opinion changes fairly consistently among all demographic groups. The largest absolute shift in opinion (i.e., the biggest growth in the margins by which excise taxes are opposed) occurs among women, leading to an evening out of opinion.

But, who are the people who are not influenced by the advertising?

Let's look at the people who actively recall seeing the advertising but who still favor increases in excise taxes. We can characterize this group as the hard core supporters of excise tax increases.

This group of 222 hard core supporters of increases are:

- Almost entirely non-smokers (85%);
- More Republican:
  - 34% are Republicans and 27% Democrats, compared with --
  - 26% Republican and 38% Democrats among the 1,976 people who oppose increases;
- Wealthier than those who oppose increases:
  - 24% have incomes over \$45,000 (with half, 12%, of these over \$60,000) compared with only 14% of those opposed (only one-third, 5%, over \$60,000);
- More male than female: 55% men; 45% women.

The picture we get is that, initially, absent any specific information, there is fairly evenly distributed tendency for people to think of excise taxes as:

- Offering a means of decreasing the deficit within the "no new taxes" framework (since this pledge is subjectively experienced as "no increase in personal income tax" by the middle class, for whom income tax is the primary federal tax);
- Lacking direct impact on everyday budgets; and,
- Being elective in nature.

After the educational media campaign, those who still favor increases in excise taxes are those who:

- Are most committed to maintaining the appearance of not increasing taxes (i.e., income taxes) for the middle class, and thus retaining the support of the middle class for the Republican administration;
- **Know** that they will not be heavily affected by an increase (because they do not smoke); and,
- Are the most vulnerable to other proposed new taxes, such as increases in capital gains or in the rate of income tax on the highest bracket.

## Underlying Attitudes

Both the pre-test and post-test questionnaires contained a section to measure the attitudes that might motivate opinion and shed light on the change in opinion from pre-test to post-test.

One striking aspect of the results is that, with one exception, attitudes do not shift much from the pre-test to the post-test. Thus we consistently see that vast majorities of respondents, both those in favor of and those opposed to increases in consumer excise taxes agree with the following statements:

*"The federal government could solve the deficit by reducing waste and corruption"*

67% agree on pre-test; 72% on post-test;

*"It would be better to close tax loopholes than raise consumer excise taxes"*

77% pre-test; 76% post-test; and,

*"It would be better to tax luxury items, rather than gasoline, cigarettes and alcohol"*

67% pre-test; 69% post-test;

A second group of attitudes are strongly held by those who oppose increases, but are not as convincing to those in favor of increases (since the numbers do not vary significantly from the pre- to post-test, only the post-test numbers are quoted).

*"Raising consumer excise taxes would be a sneaky way for Congress to raise taxes and get around Bush's no-tax pledge"*

Favor increase: 51% agree, 49% disagree  
Oppose increase: 73% agree, 24% disagree

*"Raising consumer excise taxes is a bad idea, because the middle class simply can't afford another tax increase"*

Favor increase: 49% agree, 49% disagree  
Oppose increase: 76% agree, 22% disagree

In juxtaposition to these, two attitudes characterize those in favor of increases and are not agreed with by those who oppose increases (again, there is negligible movement from the pre- to post-test).

*"Consumer excise taxes are fair because everyone pays the same amount on whatever they buy"*

Favor increase: 68% agree, 29% disagree  
Oppose increase: 50% agree, 48% disagree

*"Raising consumer excise taxes is a good idea because people would use less gasoline and smoke and drink less"*

Favor increase: 50% agree, 49% disagree  
Oppose increase: 70% agree, 28% disagree

Finally, one attribute does show movement from the pre-test to the post-test. This is:

*"Consumer excise taxes are unfair to average working people because the revenue comes from the middle class rather than from the wealthy"*

Agreement with this statement looks like this:

	<u>Pre-Test</u>		<u>Post-Test</u>	
	<u>Agree</u>	<u>Disagree</u>	<u>Agree</u>	<u>Disagree</u>
All respondents	56	40	64	33
Opposed to increases	63	35	72	26
In favor of increases	47	50	49	46

This data seems to indicate that the most important determinant of the opinion shift seen in these surveys is the degree to which the advertising succeeded in conveying consumer excise taxes as a middle class issue.

**In sum ...**

**The degree to which excise taxes become real entities with a direct and well understood impact on the individual is the key to the opinion shift we have seen.**

Supplementary evidence for this is provided by two attitudinal questions which were asked only on the post-test:

*"Whether or not consumer excise taxes are raised doesn't matter much to me because I don't think they have a big impact on the price of things I use everyday"*

Favor increase: 45% agree, 52% disagree  
Oppose increase: 33% agree, 65% disagree

*"I think that raising consumer excise taxes would have an impact on the price of things I use everyday"*

Favor increase: 61% agree, 36% disagree  
Oppose increase: 75% agree, 23% disagree

## CONCLUSIONS

- The media campaign succeeded in bringing about an exceptional movement in public opinion:
  - The pre-test 55% oppose to 36% favor grew to 66% to 26% in the post-test;
  - All demographic groups and all media markets show similar increases in opposition to increasing excise taxes.
  
- The campaign connected excise taxes to the overall anti-tax sentiment of the electorate: in the post-test results, potential increases in excise taxes are viewed with almost as much antipathy as increases in personal income taxes.
  
- The results of both the pre-test and the post-test confirm the popular desire to see deficit reduction brought about through controlling waste and corruption rather than by the implementation of new taxes.
  
- By describing excise taxes as "consumer excise taxes" their direct impact on the price of consumer goods and the budgets of average families was made immediately apparent to respondents, even before exposure to the advertising.

- The post-test results show a pronounced belief that excise taxes affect products that respondents use everyday.
  
- The advertising successfully identified excise taxes as yet another assault by government on the ability of the middle class to "make it." Once this link has been made, vehement opposition to increases in excise taxes follows.
  
- In fact, once the disproportionate impact on the middle class has been made clear, this consideration outweighs the perceived advantages of excise taxes, i.e., that they have elective/punitive characteristics and that user taxes have no loopholes.
  
- The explicit mention of cigarettes, liquor and gasoline in advertising does not have a negative impact.

- The net lesson to be learned is that:
  - The often cited apparent public receptivity to increased excise taxes is very fragile;
  - The intense anti-tax sentiment of voters is easily enrolled in opposition to excise taxes;
  - When presented as consumer excise taxes, voters have an immediate and strong reaction against increasing these taxes; and,
  - Once informed about the impact of excise taxes on middle income people, opposition increases dramatically.

## In Sum

The success of this campaign demonstrates that the Consumer Tax Alliance has an effective weapon to use against Congressional initiatives to increase excise taxes. Once voters are told that the middle class will have to pay these taxes, opposition to them becomes overwhelming.

The arguments in favor of excise tax increases are that user taxes don't have loopholes and that excise taxes are elective/punitive, therefore acting as deterrents to undesirable behavior. These arguments are not eliminated by the advertising campaign, but are outweighed by the emotionally compelling message that the middle class can't take an increased tax burden of any kind.

Once the political environment has been altered by this message, the proponents of excise taxes are left to make the arguments in their favor appear more compelling. Given the powerful impact of the Consumer Tax Alliance's advertising, an intense media effort would be required to accomplish this. The only alternative to such an effort would be for the head of the executive branch (a popular Governor or the President) to bring his personal prestige, together with the power of his office, to bear in favor of increases in excise taxes.

APPENDIX A:  
**THE SURVEY QUESTIONNAIRES**

## CONTENTS

	<u>Page</u>
PRE-TEST .....	A1
TRACKING .....	A7
POST-TEST .....	A10

KRC  
#2424  
12/89

TAX ISSUES SURVEY

Hello, my name is \_\_\_\_\_ of KRC Research. We're conducting an important survey on taxes, and would like to include your opinions. First of all,

1. Are you registered to vote at this address?

(CONTINUE) -----> Yes . . . . . 1  
(TERMINATE) -----> No . . . . . 2  
DK/NA . . . . . 3

Which of the following types of taxes have you heard of?

	AWARE	Not Aware	Ref- used
2. Income tax	1 . . . . . 99%	2 . . . . .	3
3. State/local sales tax	1 . . . . . 99%	2 . . . . .	3
4. Consumer excise tax	1 . . . . . 51%	2 . . . . .	3
5. Corporate taxes	1 . . . . . 80%	2 . . . . .	3
6. Property tax	1 . . . . . 98%	2 . . . . .	3
7. Capital gains tax	1 . . . . . 82%	2 . . . . .	3

(ASK Q.8 THROUGH Q.12 ONLY IF AWARE OF EXCISE TAX IN Q.4. IF NOT AWARE OF EXCISE TAX, SKIP TO Q.13)

8. What is an consumer excise tax? (PROBE THOROUGHLY, ACCEPT UP TO THREE RESPONSES)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9. Who would you say pays the most consumer excise taxes, low and middle income families or high income families?

Low/middle	. 59%	. . . . .	1
High	. 22%	. . . . .	2
Don't know		. . . . .	3
Refused		. . . . .	4

10. Have you recently read anything in a magazine or newspaper or seen anything on television about consumer excise taxes?

(CONTINUE)	-----> Yes	. . . 12%	. . . . .	1
(SKIP TO Q.13)	-----> No	. . . 85%	. . . . .	2
			. . . . .	3

11. What was it that you saw or read (ALLOW RESPONDENT TO ANSWER OPEN-ENDED, BUT IF NECESSARY, USE LIST TO PROBE)...

Newspaper article	. . . 46%	. . . . .	1
Magazine article	. . . 12%	. . . . .	2
Television program	. . . 23%	. . . . .	3
Radio Program	. . . 2%	. . . . .	4
Newspaper ad	. . . 2%	. . . . .	5
Magazine ad	. . . 1%	. . . . .	6
Television ad	. . . 2%	. . . . .	7
Radio ad	. . . . .	. . . . .	8

(SKIP TO Q.13) ----->DK/Don't recall . . . . . 9

12. Did it support or oppose consumer excise taxes?

Supported excise taxes . . . . .	1	24
Opposed excise taxes . . . . .	2	28
Neutral/mixed . . . . .	3	32
Don't recall . . . . .	4	

13. Some political leaders in Washington have proposed raising consumer excise taxes, which are federal sales taxes on items such as gasoline, alcohol and tobacco, to help reduce the federal budget deficit. Do you strongly favor, somewhat favor, somewhat oppose or strongly oppose raising these taxes to reduce the deficit?

(CONTINUE)

Strongly favor . . . . .	1	13
Somewhat favor . . . . .	2	23
Somewhat oppose . . . . .	3	17
Strongly oppose . . . . .	4	38

(SKIP TO Q.15 ----->DK/No opinion . . . . . 5

14. Why do you say that you (FAVOR/OPPOSE) increasing consumer excise taxes? Any other reason? (RECORD VERBATIM)

---



---



---

If taxes do have to increase, which of the following taxes should be raised?

	Yes	No	DK
15. Income tax	1 .17.	2 .76.	0
16. Capital gains	1 .39.	2 .41.	0
17. Corporate taxes	1 .59.	2 .25.	0
18. Consumer excise taxes (like tobacco, alcohol and gasoline)	1 .39.	2 .52.	0
19. Raise the maximum income tax bracket from 28% to 33%	1 .31.	2 .55.	0

I'm going to read you a series of statements that people have made about consumer excise taxes. Please tell me to what extent you agree or disagree with each statement by using a scale from six to one, where 6 means you agree completely and 1 means you disagree completely. You can use any number between six and one. The higher the number, the more you agree. OK? **(REPEAT INSTRUCTIONS IF NECESSARY)**

	<u>Agree Completely</u>			<u>Disagree Completely</u>			<u>DK</u>
20. The federal government could solve the deficit problem by reducing waste and corruption -- it isn't necessary to raise taxes to reduce the deficit	Agree (6-4)			Disagree (3-1)			
	6	5	4	3	2	1	0
21. Consumer excise taxes are fair, because everyone pays the same amount on whatever they buy	56			41			
	6	5	4	3	2	1	0
22. Consumer excise taxes are unfair to average working people because the revenue comes from the middle class rather than from the wealthy	56			40			
	6	5	4	3	2	1	0
23. Raising consumer excise taxes is a good idea because people would use less gasoline and smoke and drink less	29			68			
	6	5	4	3	2	1	0
24. Raising consumer excise taxes is a sneaky way for Congress to raise taxes and get around Bush's no-tax pledge	63			31			
	6	5	4	3	2	1	0
25. Raising consumer excise taxes is a bad idea, because the middle class simply can't afford another tax increase of any kind	67			32			
	6	5	4	3	2	1	0

		Agree (6-4)				Disagree (3-1)	
26.	Instead of raising consumer excise taxes, it would be better to close tax loopholes for the wealthy and limit tax breaks for corporations	77				18	
		6	5	4	3	2	1 0

27.	It would be better to tax luxury items instead of raising consumer excise taxes on gasoline, cigarettes and alcohol	67				29	
		6	5	4	3	2	1 0

We're almost done with the interview. I have a few last questions for classification purposes.

28. Do you smoke?

Yes . . . . .	1	26
No . . . . .	2	73

29. Do you drink any alcoholic beverages?

Yes . . . . .	1	48
No . . . . .	2	51

30. Regardless of how you are registered to vote, do you consider yourself to a Democrat, Republican or independent?

Democrat . . . . .	1	38
Republican . . . . .	2	27
Independent . . . . .	3	31
Other . . . . .	4	
Don't know . . . . .	5	
Refused . . . . .	6	

31. Into which of the following categories does your age fall?

18 to 24 . . . . .	1	7
25 to 29 . . . . .	2	8
30 to 39 . . . . .	3	21
40 to 49 . . . . .	4	18
50 to 59 . . . . .	5	15
60 and over . . . . .	6	15
Refused . . . . .	7	30

32. Into which of the following categories does your household annual income fall?

Under \$15,000 . . . . .	1	24
\$15,000 to \$24,999 . . . . .	2	22
\$25,000 to \$24,999 . . . . .	3	18
\$35,000 to \$44,999 . . . . .	4	11
\$45,000 to \$60,000 . . . . .	5	9
Over \$60,000 . . . . .	6	6

33. Sex

Male . . . . .	1	50
Female . . . . .	2	50

KRC  
1/90  
#2479

TAX ADS REACTION TRACK

Hello, my name is \_\_\_\_\_ of KRC Research. We're conducting an important survey on taxes, and would like to include your opinions. First of all,

1. Are you registered to vote at this address?

(CONTINUE) -----> Yes . . . . . 1  
(TERMINATE) -----> No . . . . . 2  
DK/NA . . . . . 3

2. Have you heard of consumer excise taxes?

Yes . . . . . 1  
No . . . . . 2  
Don't know . . . . . 3  
Refused . . . . . 4

3. Have you recently seen any advertising on television about consumer excise taxes?

(CONTINUE) -----> Yes . . . . . 1  
(SKIP TO Q.5) -----> No . . . . . 2  
DK . . . . . 3

4. Did that ad make you more likely to support an increase in consumer excise taxes or more likely to oppose such an increase?

More likely to  
support . . . . . 1  
More likely to  
oppose . . . . . 2  
No impact (VOL) . . . . . 3  
DK/ref . . . . . 4

5. Some political leaders in Washington have proposed raising consumer excise taxes, which are federal sales taxes on items such as gasoline, alcohol and tobacco, to help reduce the federal budget deficit. Do you strongly favor, somewhat favor, somewhat oppose or strongly oppose raising these taxes to reduce the deficit?

Strongly favor . . . . . 1  
Somewhat favor . . . . . 2  
Somewhat oppose . . . . . 3  
Strongly oppose . . . . . 4  
DK/No opinion . . . . . 5

6. Who would you say pays the most consumer excise taxes, low and middle income families or high income families?

Low/middle . . . . . 1  
High . . . . . 2  
Don't know . . . . . 3  
Refused . . . . . 4

We're almost done with the interview. I have a few last questions for classification purposes.

7. Into which of the following categories does your age fall?

18 to 24 . . . . . 1  
25 to 29 . . . . . 2  
30 to 39 . . . . . 3  
40 to 49 . . . . . 4  
50 to 59 . . . . . 5  
60 and over . . . . . 6  
Refused . . . . . 7

8. Do you smoke?

Yes . . . . . 1  
No . . . . . 2

9. Do you drink any alcoholic beverages?

Yes . . . . . 1  
No . . . . . 2

10. Regardless of how you are registered to vote, do you consider yourself to be a Democrat, Republican or independent?

Democrat . . . . .	1
Republican . . . . .	2
Independent . . . . .	3
Other . . . . .	4
Don't know . . . . .	5
Refused . . . . .	6

11. Into which of the following categories does your household annual income fall?

Under \$15,000 . . . . .	1
\$15,000 to \$24,999 . . . . .	2
\$25,000 to \$24,999 . . . . .	3
\$35,000 to \$44,999 . . . . .	4
\$45,000 to \$60,000 . . . . .	5
Over \$60,000 . . . . .	6

12. Sex

Male . . . . .	1
Female . . . . .	2

KRC  
#2481  
12/89

TAX ISSUES SURVEY

Hello, my name is \_\_\_\_\_ of KRC Research. We're conducting an important survey on taxes, and would like to include your opinions. First of all,

1. Are you registered to vote at this address?

(CONTINUE) -----> Yes . . . . . 1  
(TERMINATE) -----> No . . . . . 2  
DK/NA . . . . . 3

Which of the following types of taxes have you heard of?

	AWARE	Not Aware	Ref- used
2. Income tax	1 . . 100 . . . . .	2 . . . . .	3
3. State/local sales tax	1 . . 99 . . . . .	2 . . . . .	3
4. Consumer excise tax	1 . . 100 . . . . .	2 . . . . .	3
5. Corporate taxes	1 . . 88 . . . . .	2 . . . . .	3
6. Property tax	1 . . 99 . . . . .	2 . . . . .	3
7. Capital gains tax	1 . . 90 . . . . .	2 . . . . .	3

(ASK Q.8 ONLY IF AWARE OF EXCISE TAX IN Q.4. IF NOT AWARE OF EXCISE TAX, SKIP TO Q.13)

8. What is a consumer excise tax? (PROBE THOROUGHLY, ACCEPT UP TO THREE RESPONSES)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Have you recently seen anything on television or read anything in a magazine or newspaper or about consumer excise taxes?

(ASK Q.10) -----> Yes . . . . . 1 42  
 (SKIP TO Q.11) -----> No . . . . . 2 53  
 DK . . . . . 3

10. What was it that you saw or read? (ALLOW RESPONDENT TO ANSWER OPEN-ENDED, CODE ANSWER FROM LIST)

Newspaper article . . . . . 1 15  
 Magazine article . . . . . 2 5  
 Television program . . . . . 3 21  
 Radio Program . . . . . 4 1  
  
 Newspaper ad . . . . . 5 3  
 Magazine ad . . . . . 6 1  
 Television ad . . . . . 7 57  
 Radio ad . . . . . 8 1  
  
 DK/Don't recall . . . . . 9

(IF TV AD NOT MENTIONED IN Q.10 ASK Q.11, OTHERWISE SKIP TO Q.12)

11. Specifically, do you recall seeing any advertising on television about consumer excise taxes?

(ASK Q.12) -----> Yes . . . . . 1 19  
 (SKIP TO Q.13) -----> No . . . . . 2 74  
 DK . . . . . 3

12. What do you recall about the TV advertising that you saw? (PROBE FOR SPECIFICS, ACCEPT UP TO THREE RESPONSES)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

13. Some political leaders in Washington have proposed raising consumer excise taxes, which are federal sales taxes on items such as gasoline, alcohol and tobacco, to help reduce the federal budget deficit. Do you strongly favor, somewhat favor, somewhat oppose or strongly oppose raising these taxes to reduce the deficit?

(CONTINUE)

Strongly favor . . . . .	1	8
Somewhat favor . . . . .	2	18
Somewhat oppose . . . . .	3	19
Strongly oppose . . . . .	4	47

(SKIP TO Q.15) -----> DK/No opinion . . . . . 5

14. Why do you say that you (FAVOR/OPPOSE) increasing consumer excise taxes? Any other reason? (RECORD VERBATIM)

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If taxes do have to increase, which of the following taxes should be raised?

	Yes	No	DK
15. Income tax	1 . 17 .	2 . 75 .	0
16. Capital gains	1 . 40 .	2 . 38 .	0
17. Corporate taxes	1 . 62 .	2 . 21 .	0
18. Consumer excise taxes (like tobacco, alcohol and gasoline)	1 . 29 .	2 . 63 .	0
19. Raise the maximum income tax bracket from 28% to 33%	1 . 32 .	2 . 52 .	0

20. Who would you say pays the most consumer excise taxes, low and middle income families or high income families?

Low/middle . . . . .	1	83
High . . . . .	2	9
Don't know . . . . .	3	7
Refused . . . . .	4	1

I'm going to read you a series of statements that people have made about consumer excise taxes. Please tell me to what extent you agree or disagree with each statement by using a scale from six to one, where 6 means you agree completely and 1 means you disagree completely. You can use any number between six and one. The higher the number, the more you agree. OK? (REPEAT INSTRUCTIONS IF NECESSARY, READ LIST, ROTATE)

	Agree <u>Completely</u>			Disagree <u>Completely</u>			<u>DK</u>
21. The federal government could solve the deficit problem by reducing waste and corruption -- it isn't necessary to raise taxes to reduce the deficit	Agree (6-4)			Disagree (3-1)			
	6	5	4	3	2	1	0
22. Consumer excise taxes are fair, because everyone pays the same amount on whatever they buy	55			42			
	6	5	4	3	2	1	0
23. Consumer excise taxes are unfair to average working people because the revenue comes from the middle class rather than from the wealthy	64			33			
	6	5	4	3	2	1	0
24. I think that raising consumer excise taxes would have an impact on the price of things I use everyday	70			27			
	6	5	4	3	2	1	0
25. Raising consumer excise taxes is a good idea because people would use less gasoline and smoke and drink less	33			63			
	6	5	4	3	2	1	0
26. Raising consumer excise taxes is a sneaky way for Congress to raise taxes and get around Bush's no-tax pledge	64			30			
	6	5	4	3	2	1	0

	Agree (6-4)					Disagree (3-1)						
27. Whether or not consumer excise taxes are raised doesn't matter much to me because I don't think they have a big impact on the prices of things I use everyday	6	5	4	3	2	1	0				36	61
28. Raising consumer excise taxes is a bad idea, because the middle class simply can't afford another tax increase of any kind	6	5	4	3	2	1	0				68	29
29. Instead of raising consumer excise taxes, it would be better to close tax loopholes for the wealthy and limit tax breaks for corporations	6	5	4	3	2	1	0				76	21
30. It would be better to tax luxury items instead of raising consumer excise taxes on gasoline, cigarettes and alcohol	6	5	4	3	2	1	0				69	27

We're almost done with the interview. I have a few last questions for classification purposes.

31. Do you smoke?

Yes . . . . .	1	26
No . . . . .	2	74

32. Do you drink any alcoholic beverages?

Yes . . . . .	1	49
No . . . . .	2	50

33. Regardless of how you are registered to vote, do you consider yourself to a Democrat, Republican or independent?

Democrat . . . . .	1	36
Republican . . . . .	2	28
Independent . . . . .	3	32
Other . . . . .	4	1
Don't know . . . . .	5	
Refused . . . . .	6	

34. Into which of the following categories does your age fall?

18 to 24 . . . . .	1	6
25 to 29 . . . . .	2	8
30 to 39 . . . . .	3	21
40 to 49 . . . . .	4	18
50 to 59 . . . . .	5	15
60 and over . . . . .	6	30
Refused . . . . .	7	2

35. Into which of the following categories does your household annual income fall?

Under \$15,000 . . . . .	1	21
\$15,000 to \$24,999 . . . . .	2	23
\$25,000 to \$24,999 . . . . .	3	20
\$35,000 to \$44,999 . . . . .	4	13
\$45,000 to \$60,000 . . . . .	5	10
Over \$60,000 . . . . .	6	7

36. Sex

Male . . . . .	1	49
Female . . . . .	2	51

APPENDIX B:  
**MARKET BY MARKET DATA**

CONTENTS

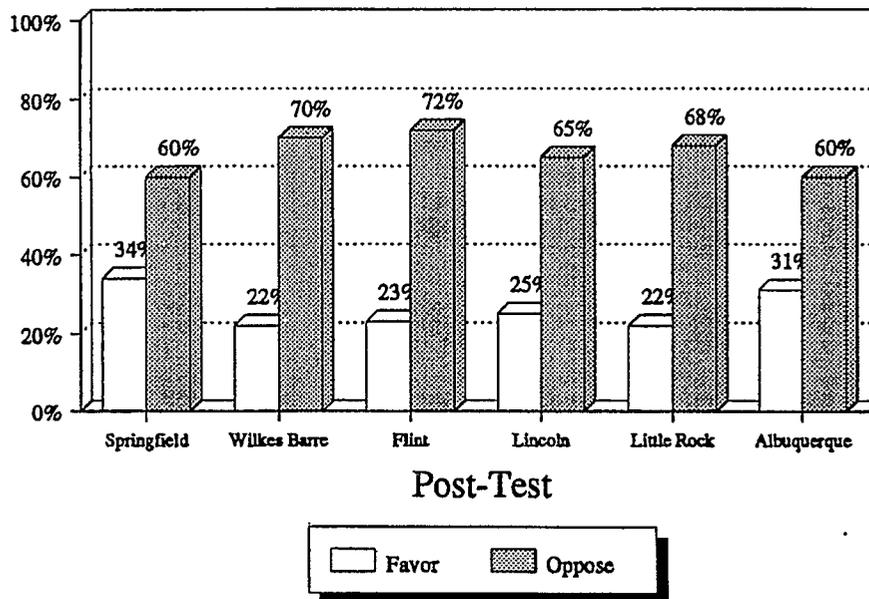
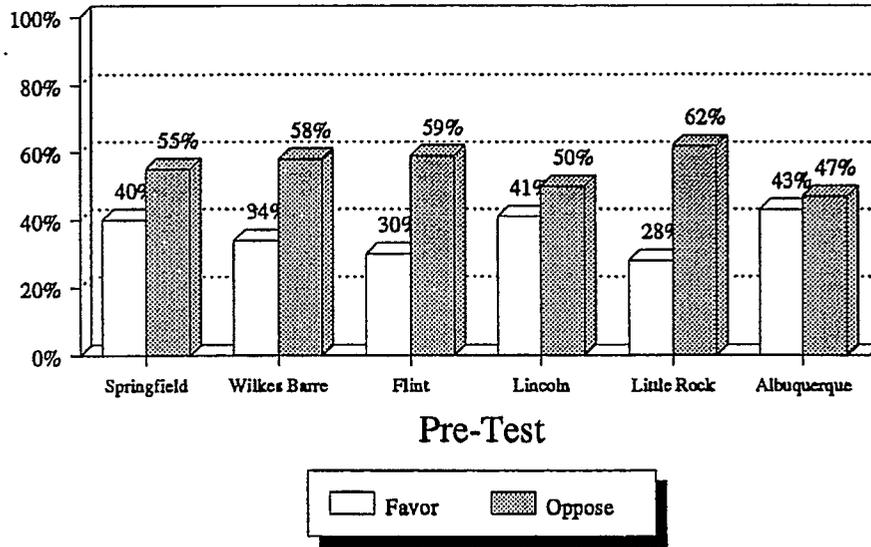
	<u>Page</u>
PRE & POST TEST: FAVOR/OPPOSE .....	B1
PRE & POST TEST: CHANGE IN OPINION .....	B2
PRE & POST TEST: AWARENESS .....	B3
PRE & POST TEST: VIEWS ON DIFFERENT TAXES ....	B9
TRACKING: FAVOR/OPPOSE .....	B15
TRACKING: AWARENESS .....	B21
TRACKING: AD RECALL .....	B27
TRACKING: SEEN ADS VS. NOT SEEN ADS BY FAVOR/OPPOSE .....	B33
TRACKING: CHANGE IN FAVOR/OPPOSE MARGINS OVER THREE WEEKS .....	B34
POST TEST: AD RECALL .....	B40
POST TEST: DETAIL OF WHAT RECALLED FROM ADS .	B41

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CTA

B

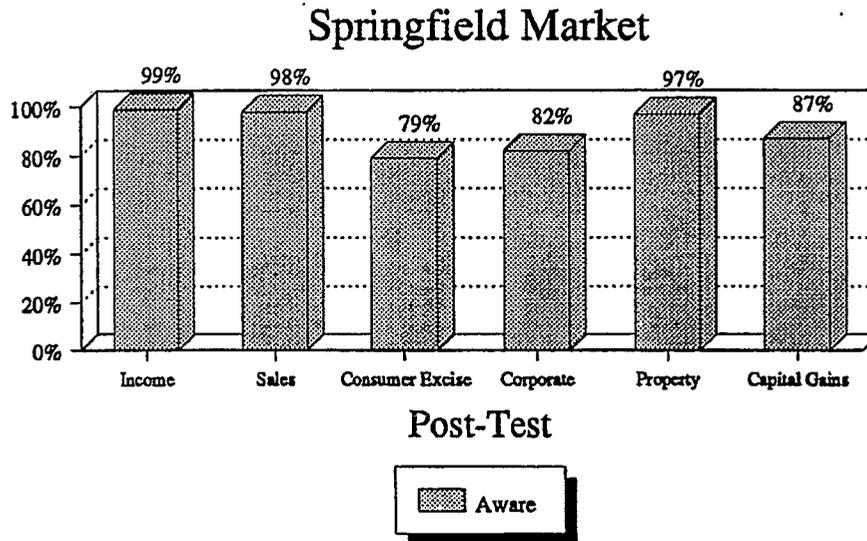
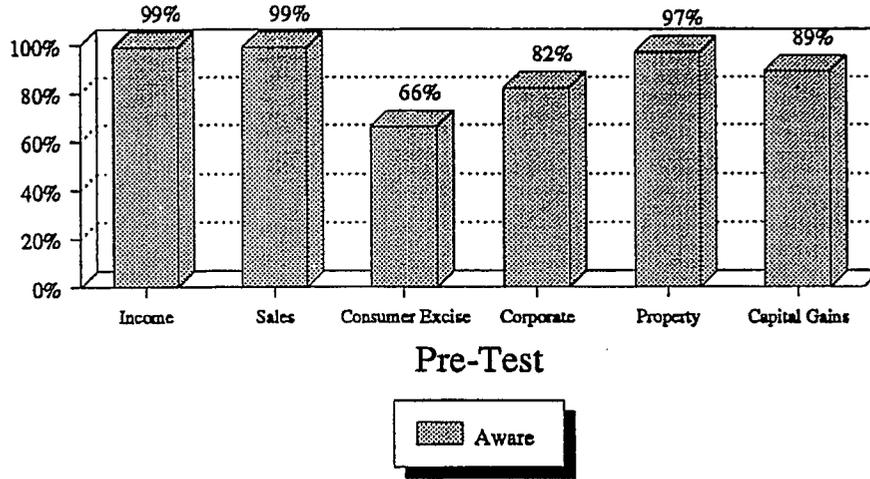
## Do You Favor Or Oppose Raising Consumer Excise Taxes To Reduce The Deficit?



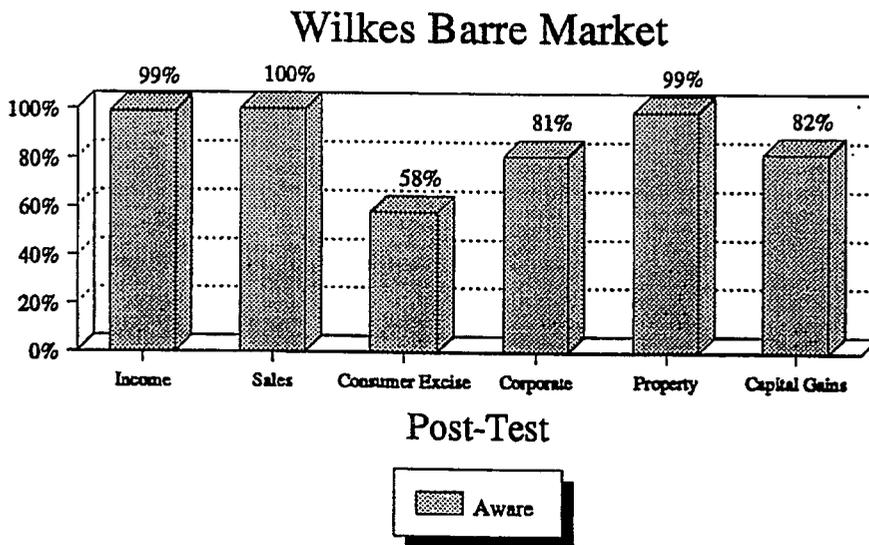
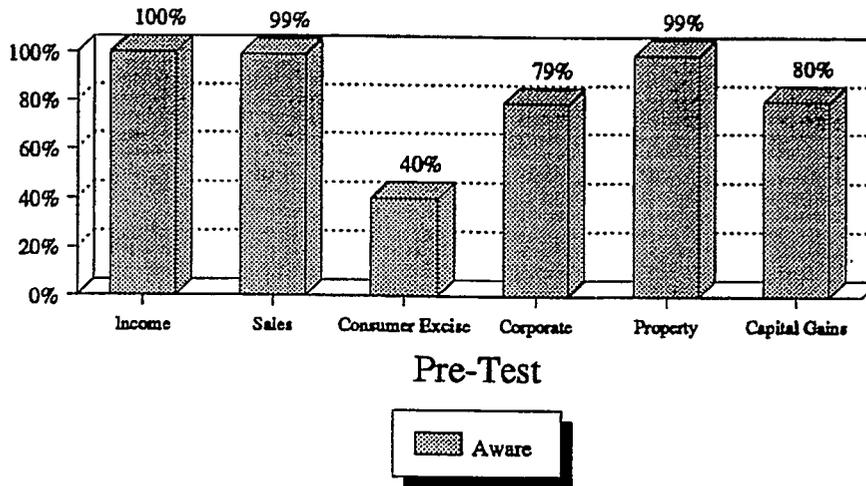
**The Shift In Opinion:  
Pre-Test To Post-Test  
(%)**

	<u>Pre-test</u>			<u>Post-test</u>			<u>Growth in (Margin)</u>
	<u>Fav- or</u>	<u>Opp- ose</u>	<u>(Margin)</u>	<u>Fav- or</u>	<u>Opp- ose</u>	<u>(Margin)</u>	
Springfield	40	55	(15)	34	60	(26)	11
Wilkes Barre	34	58	(25)	22	70	(48)	23
Flint	30	59	(29)	23	72	(49)	20
Lincoln	41	50	( 9)	25	65	(40)	31
Little Rock	28	62	(34)	22	68	(44)	10
Albuquerque	43	47	( 4)	31	60	(29)	25

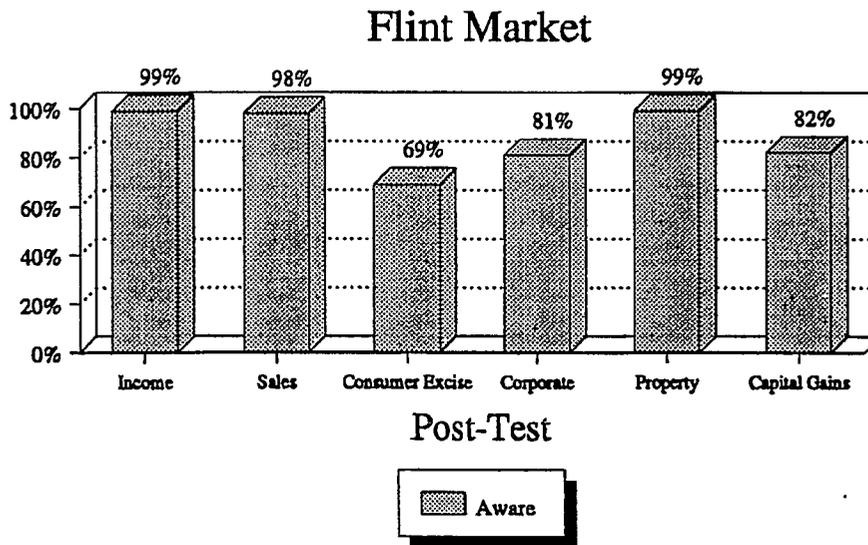
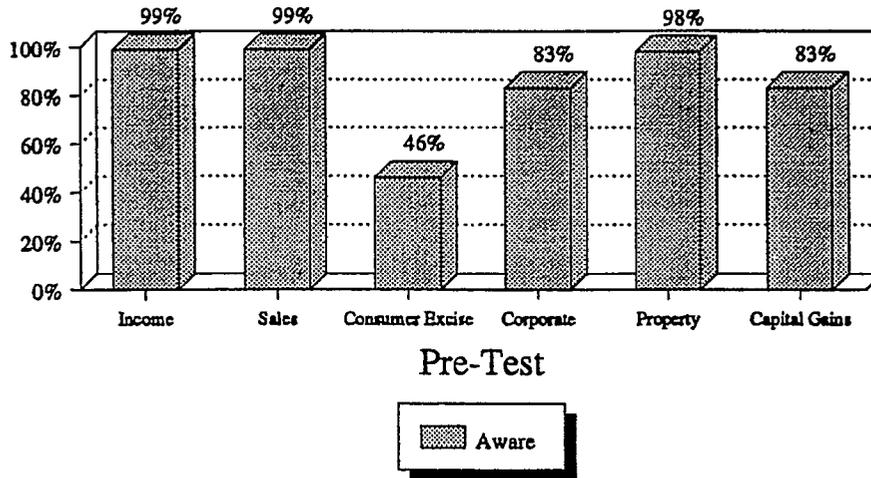
# Which Of The Following Types Of Taxes Have You Heard Of? Springfield Market



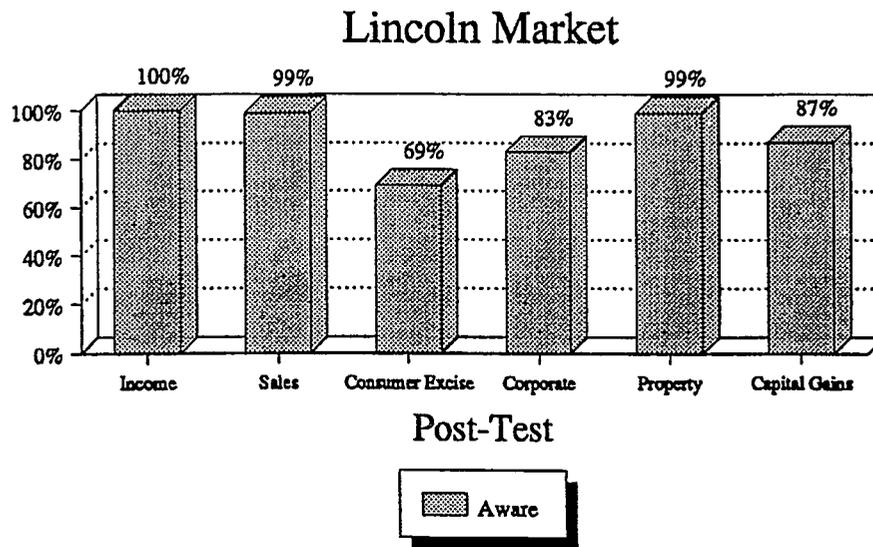
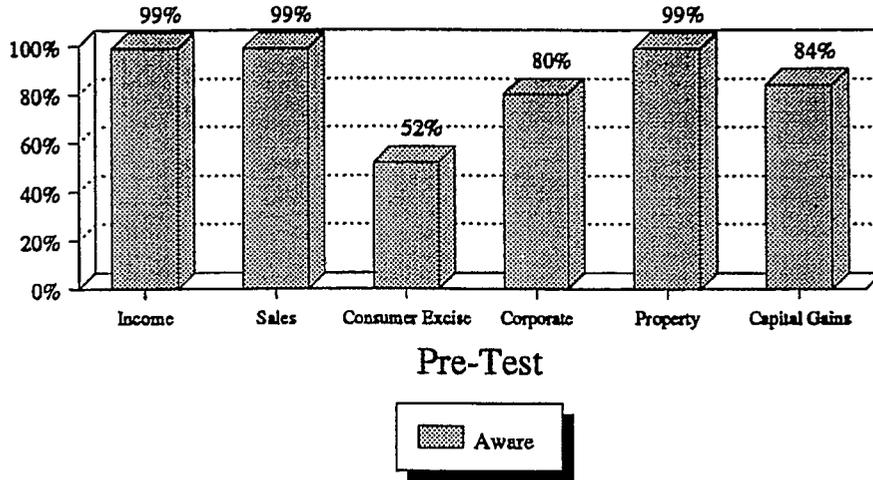
# Which Of The Following Types Of Taxes Have You Heard Of? Wilkes Barre Market



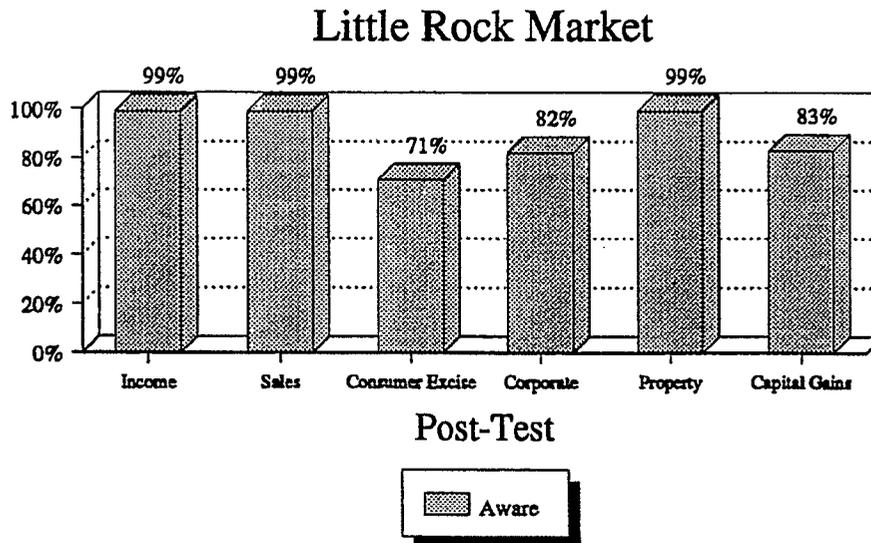
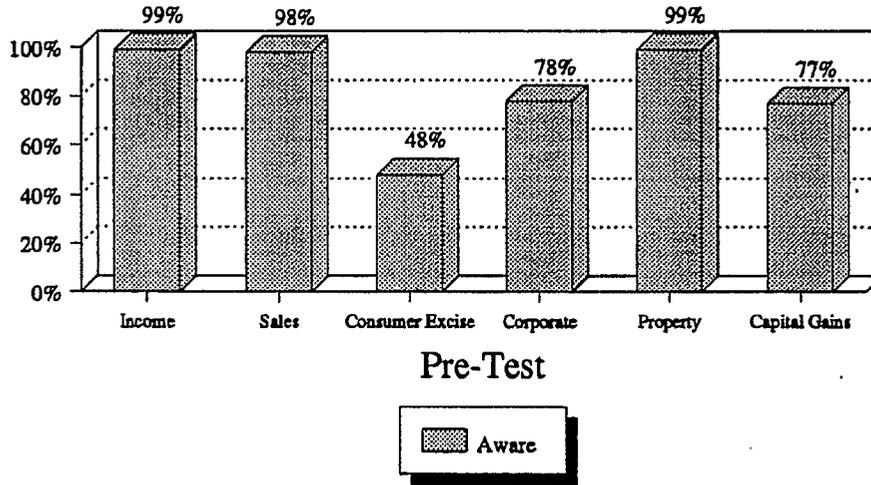
# Which Of The Following Types Of Taxes Have You Heard Of? Flint Market



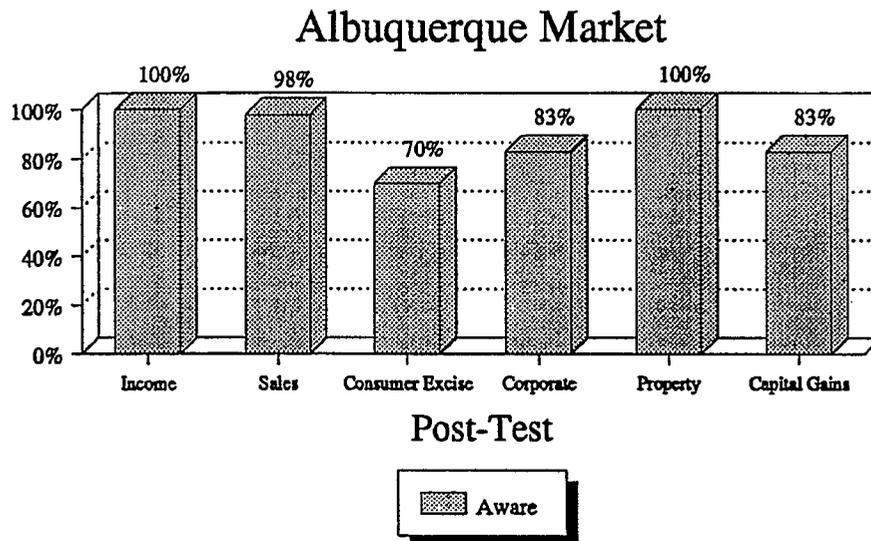
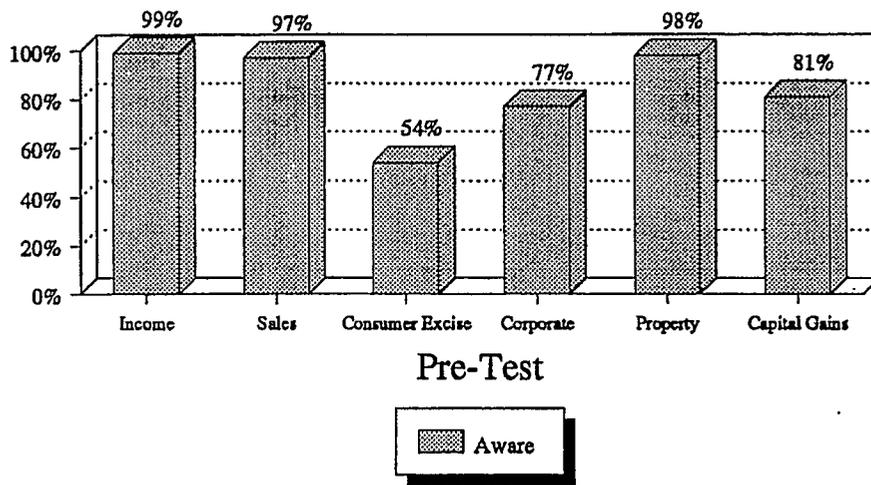
# Which Of The Following Types Of Taxes Have You Heard Of? Lincoln Market



# Which Of The Following Types Of Taxes Have You Heard Of? Little Rock Market

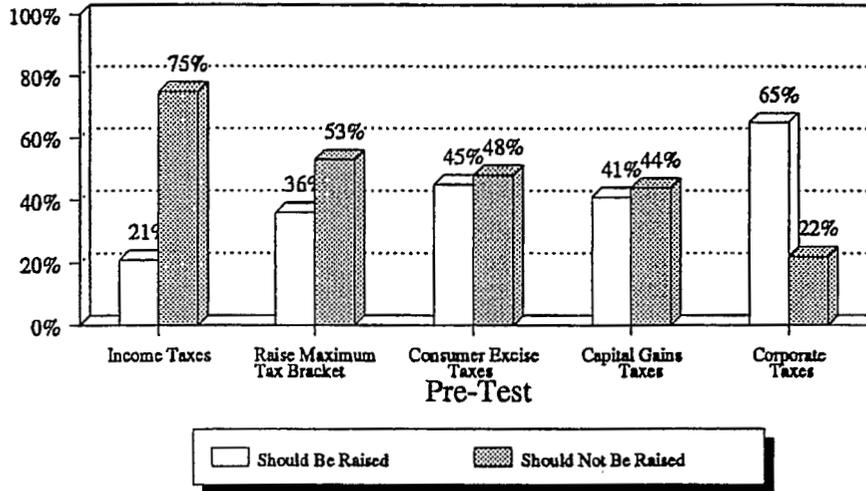


# Which Of The Following Types Of Taxes Have You Heard Of? Albuquerque Market

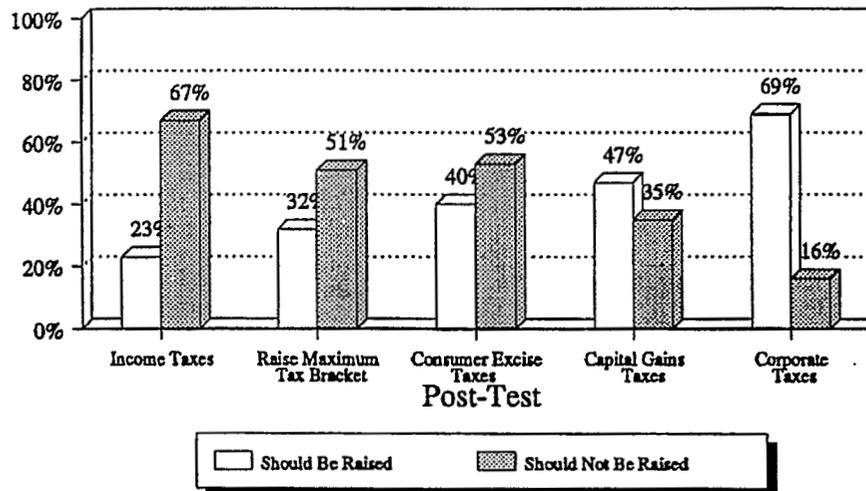


(c) 1990 KRC/Q2-7

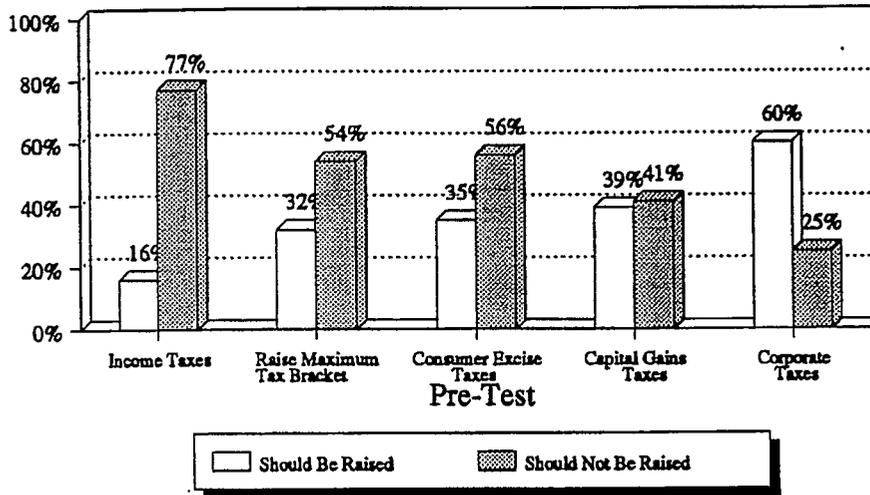
## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised? Springfield Market



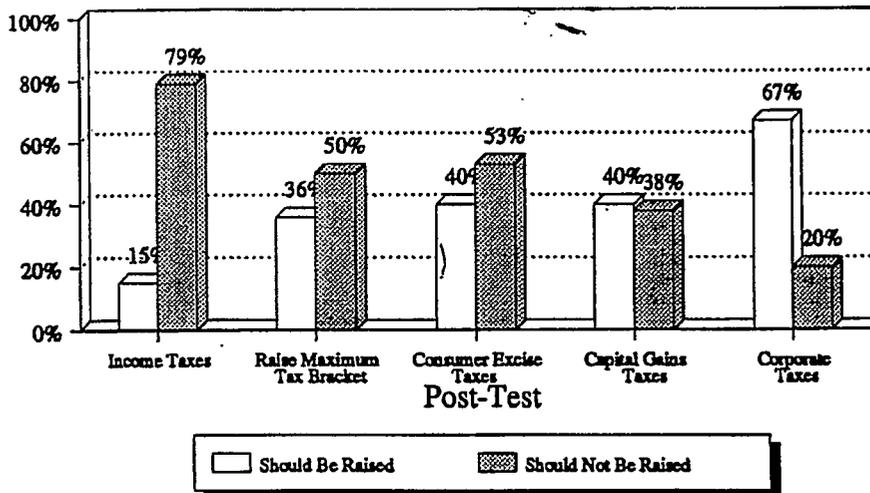
## Springfield Market



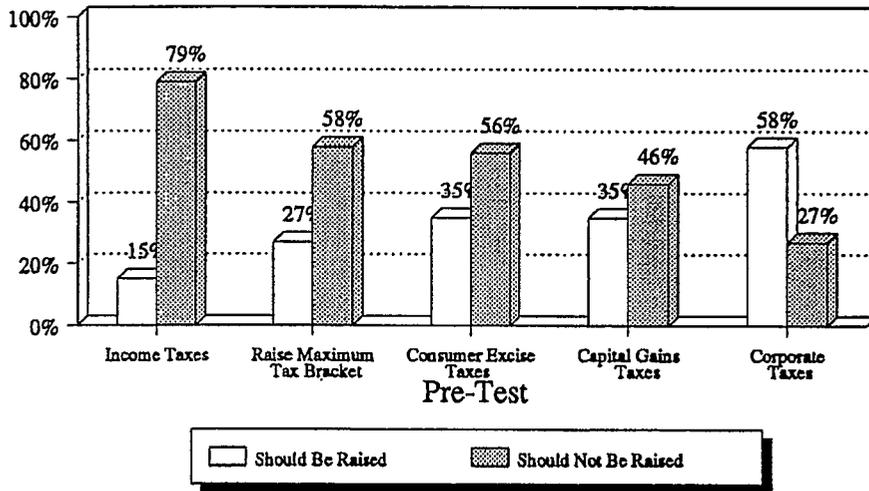
## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised? Wilkes Barre Market



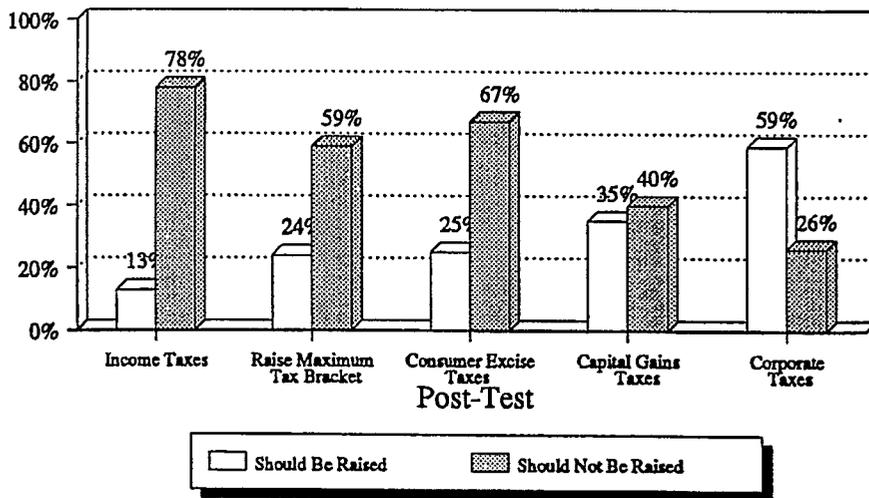
## Wilkes Barre Market



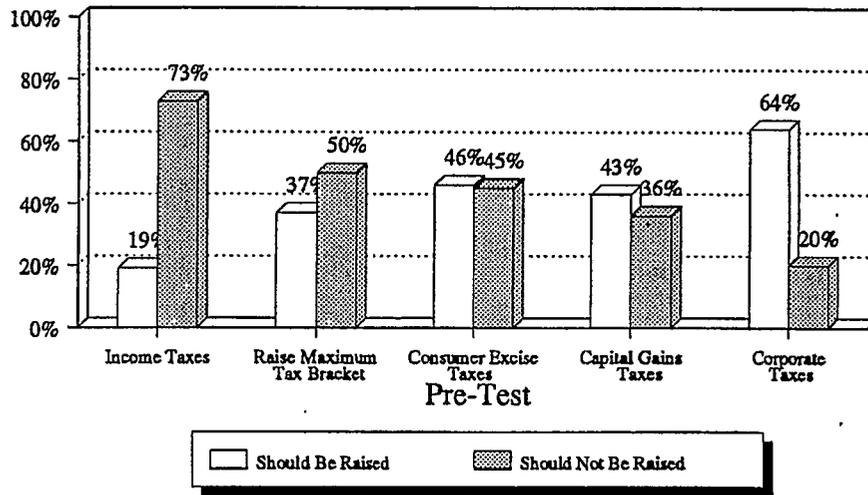
## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised? Flint Market



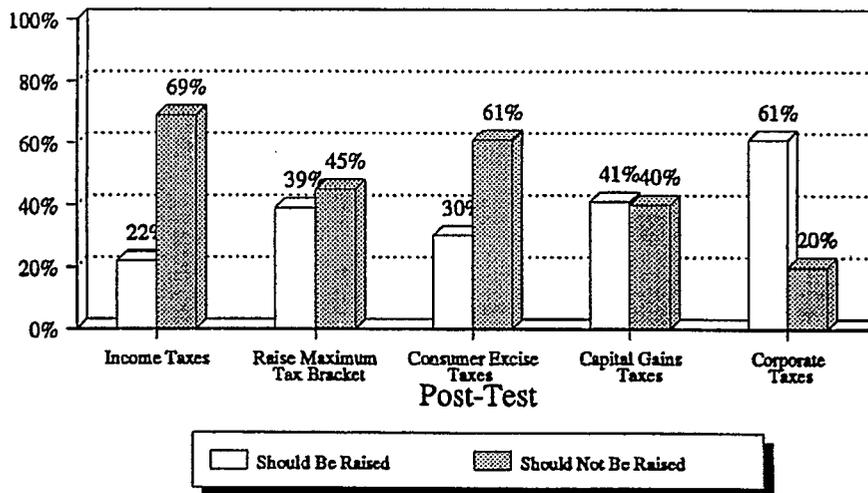
## Flint Market



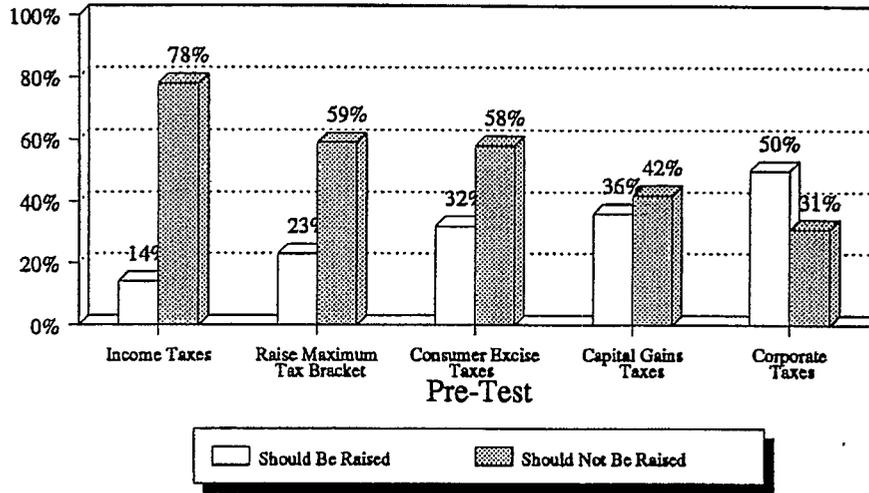
## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised? Lincoln Market



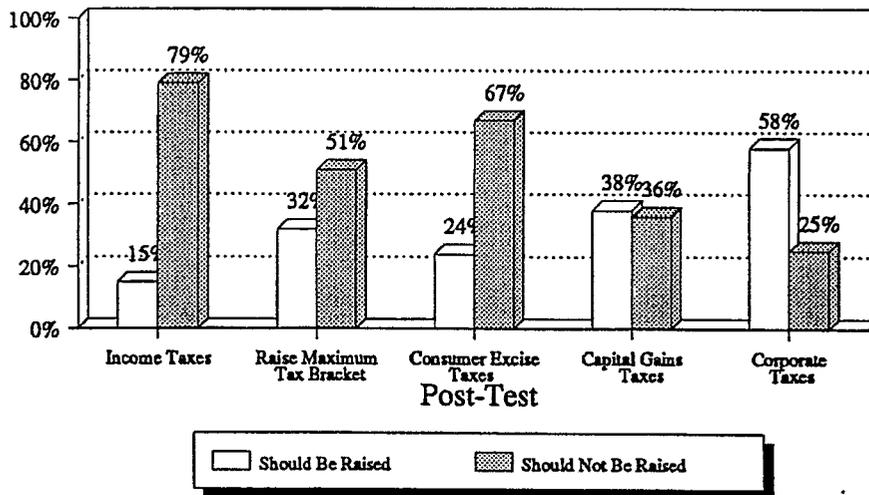
## Lincoln Market



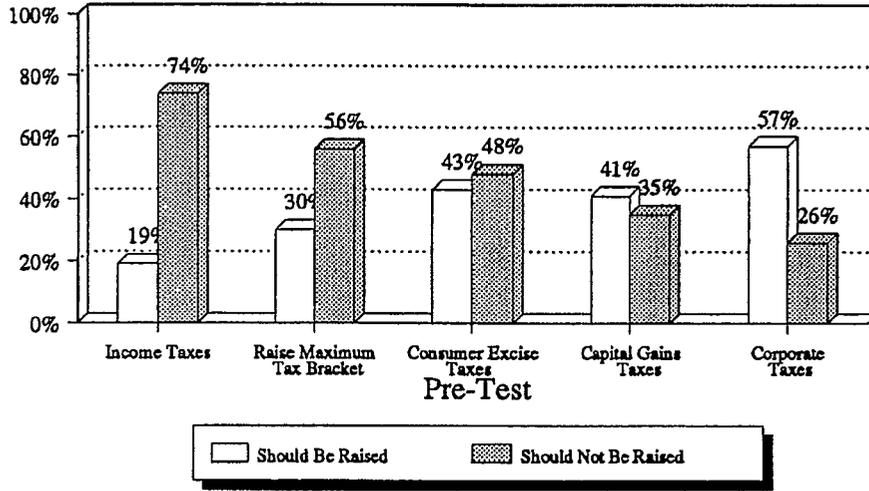
## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised? Little Rock Market



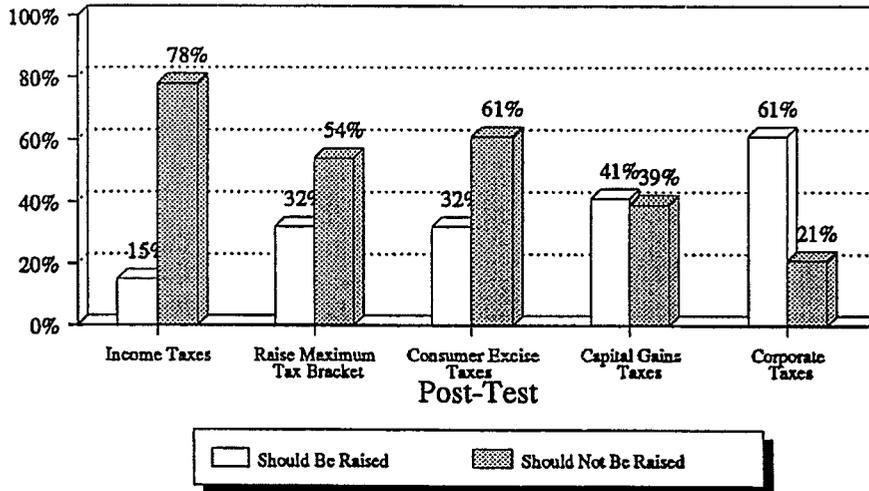
## Little Rock Market



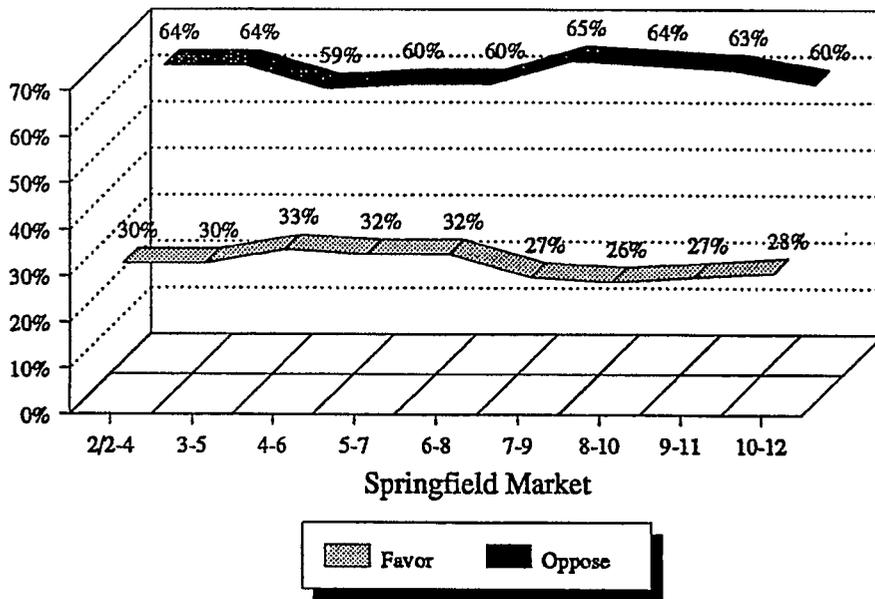
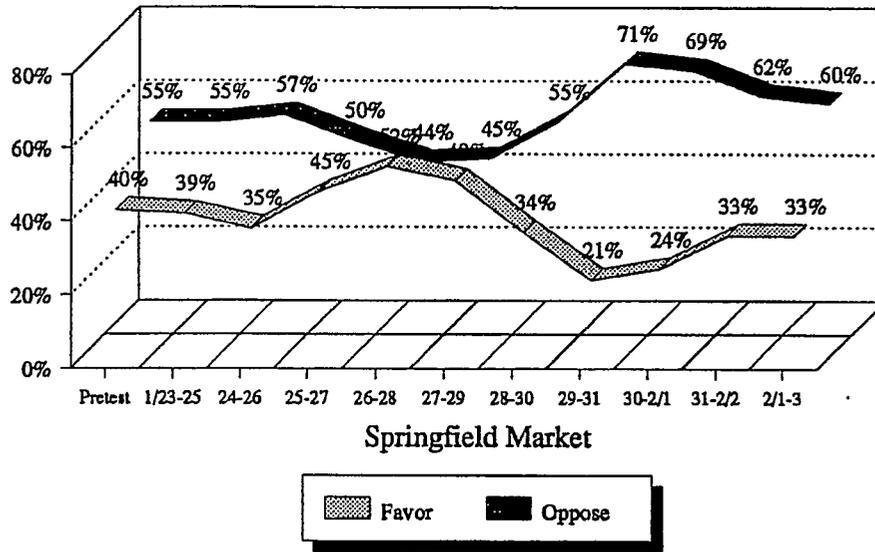
## If Taxes Do Have To Increase, Which Of The Following Taxes Should Be Raised? Albuquerque Market



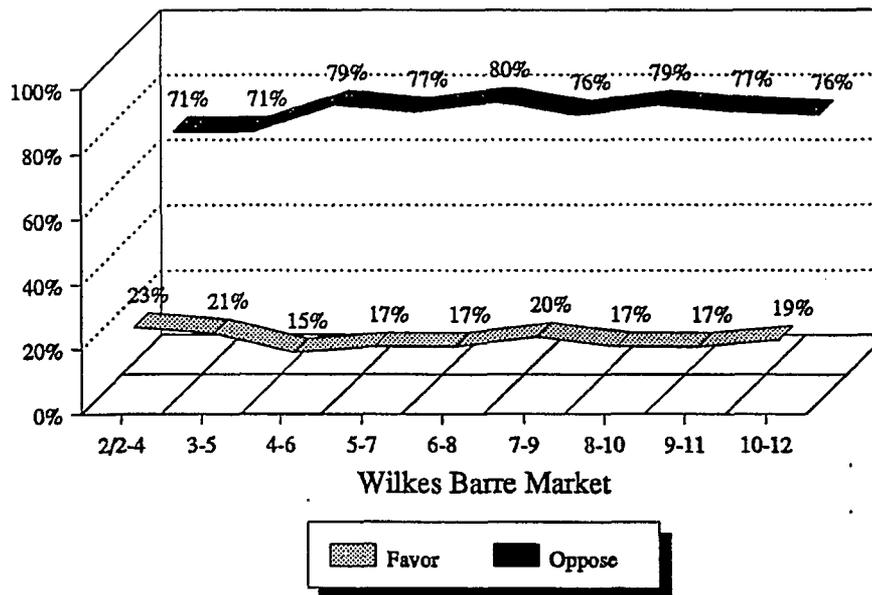
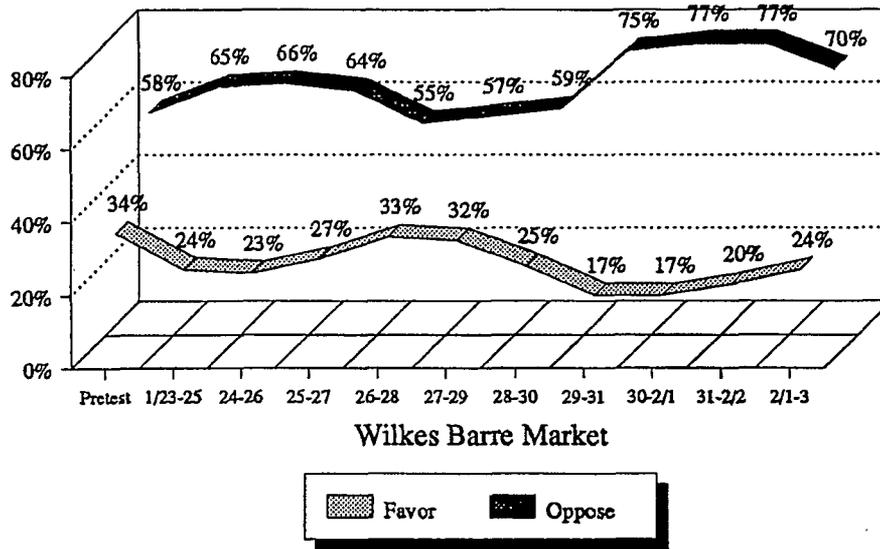
## Albuquerque Market



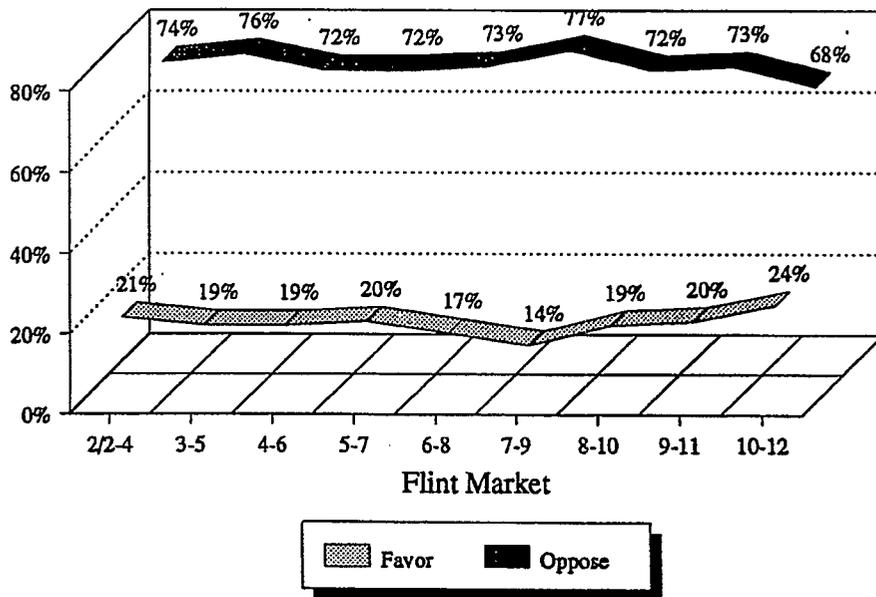
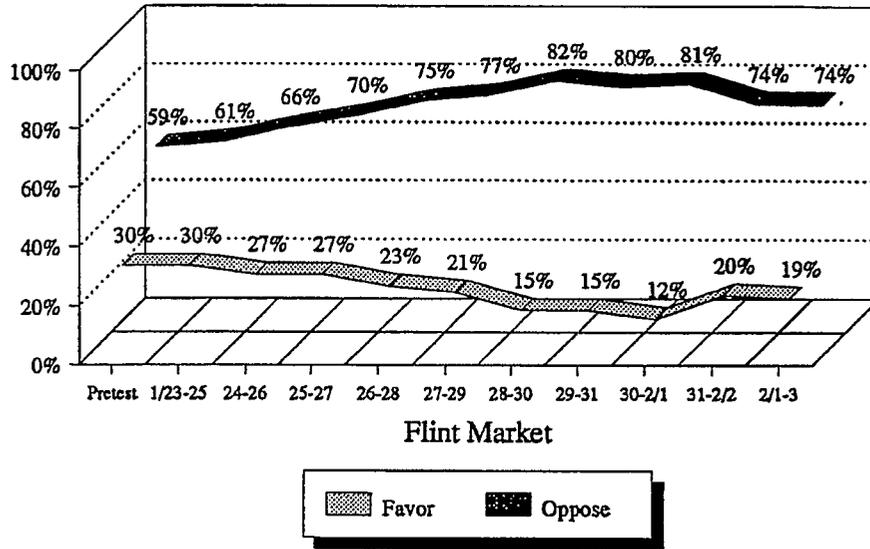
## Opinion of Increasing Excise Taxes (Three day rolling totals)



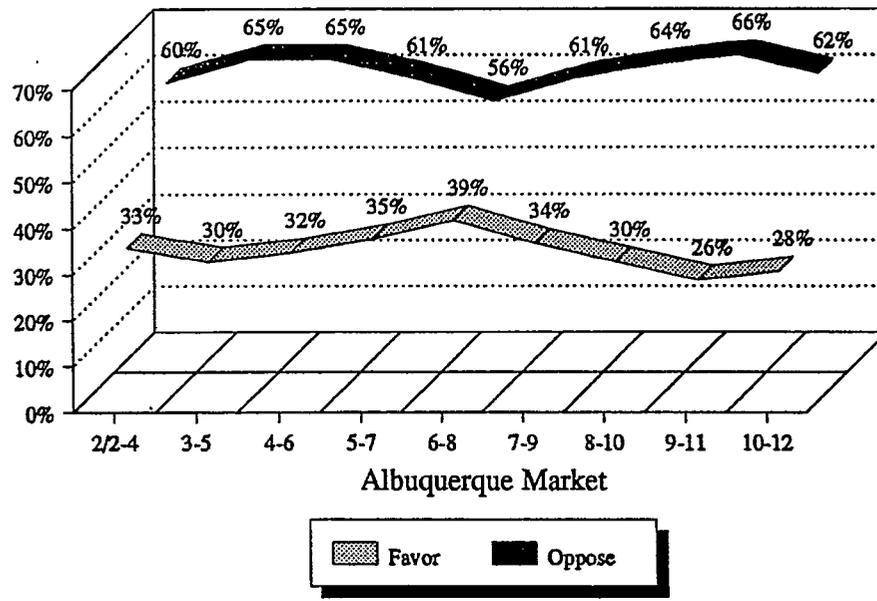
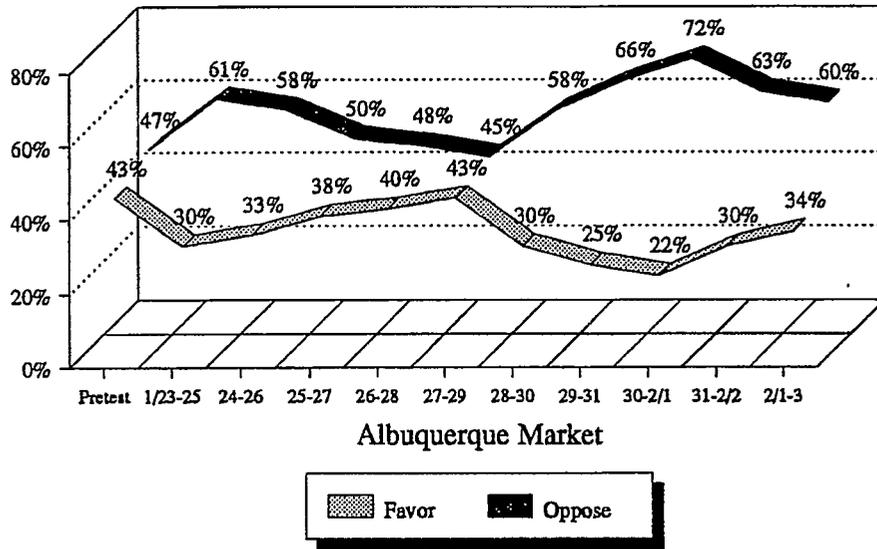
## Opinion of Increasing Excise Taxes (Three day rolling totals)



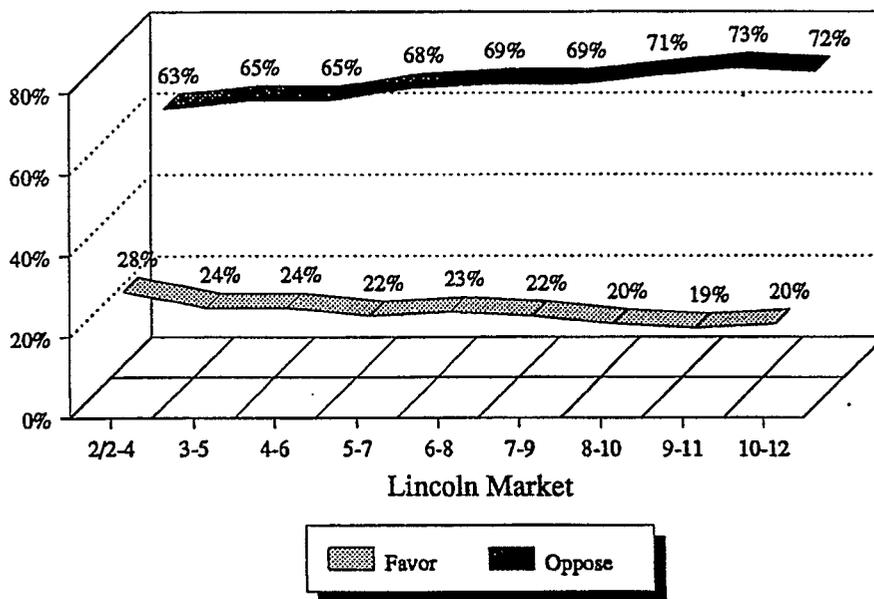
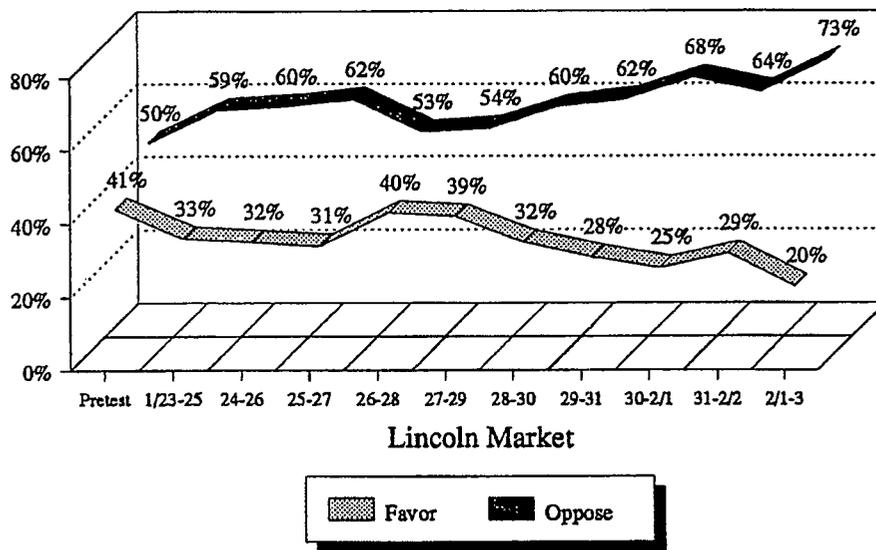
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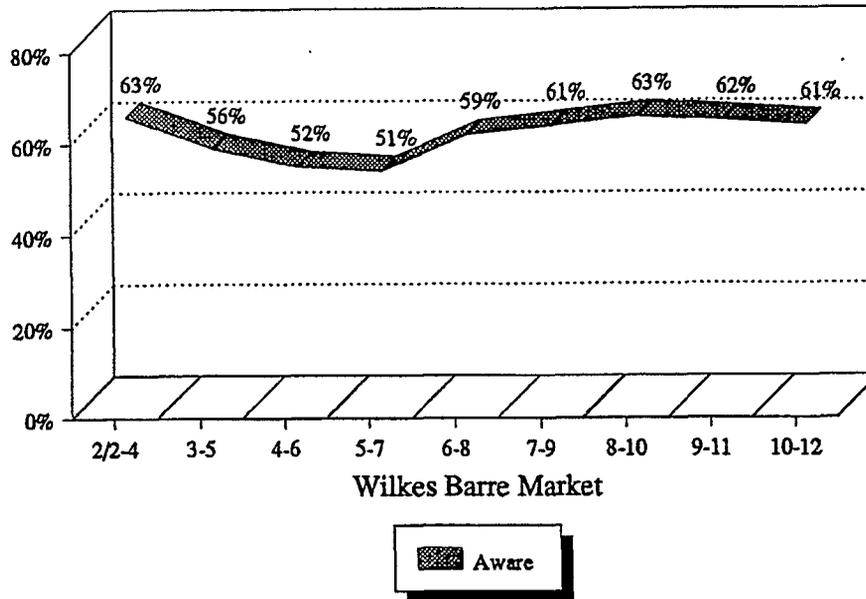
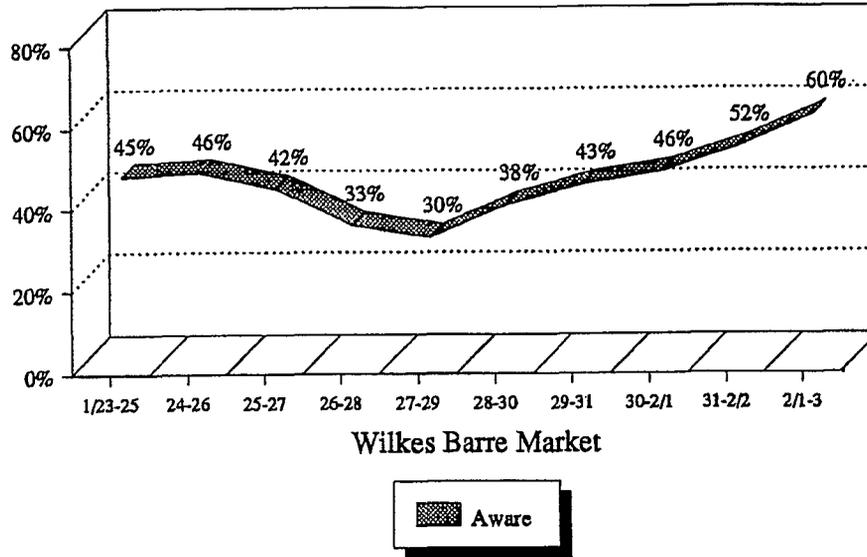
## Opinion of Increasing Excise Taxes (Three day rolling totals)



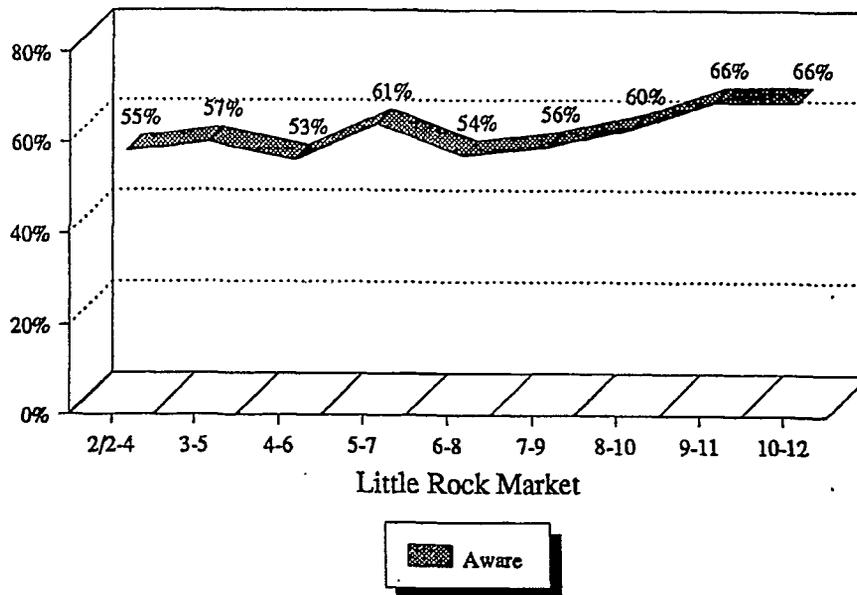
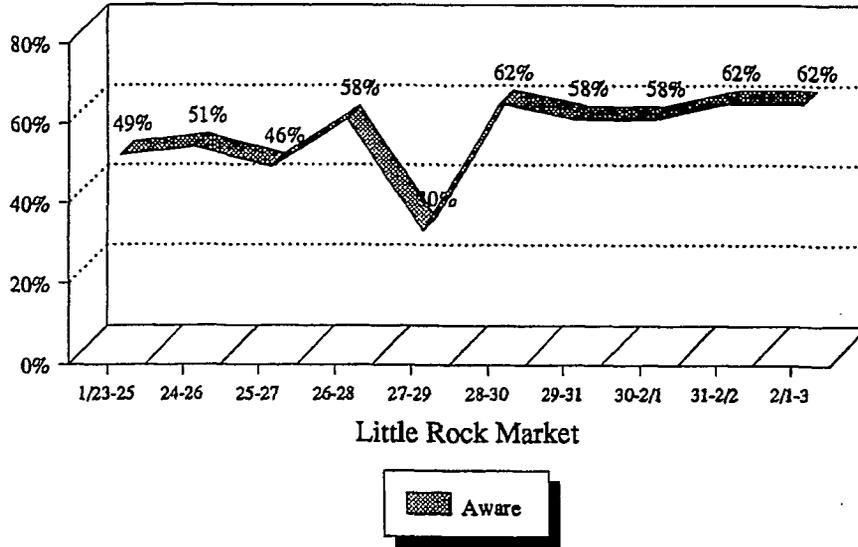
## Opinion of Increasing Excise Taxes (Three day rolling totals)



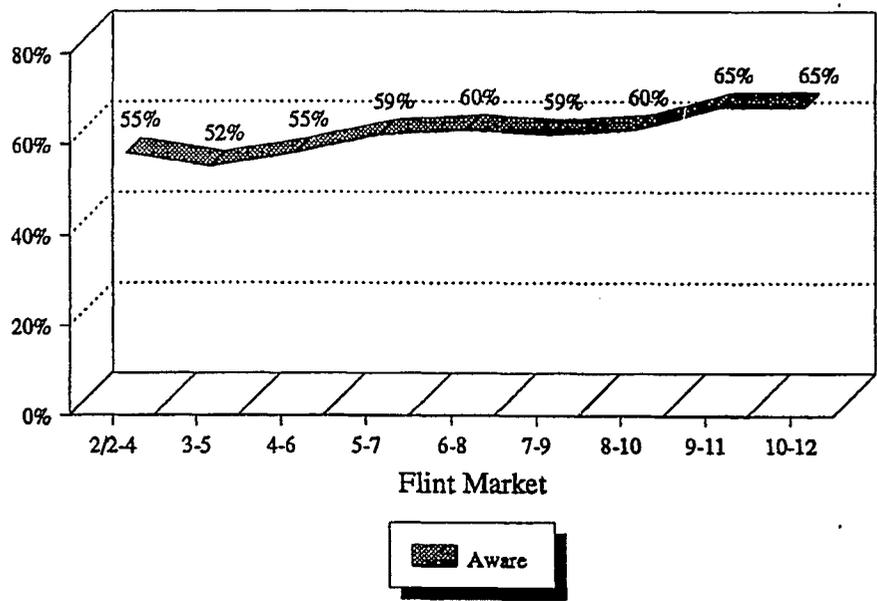
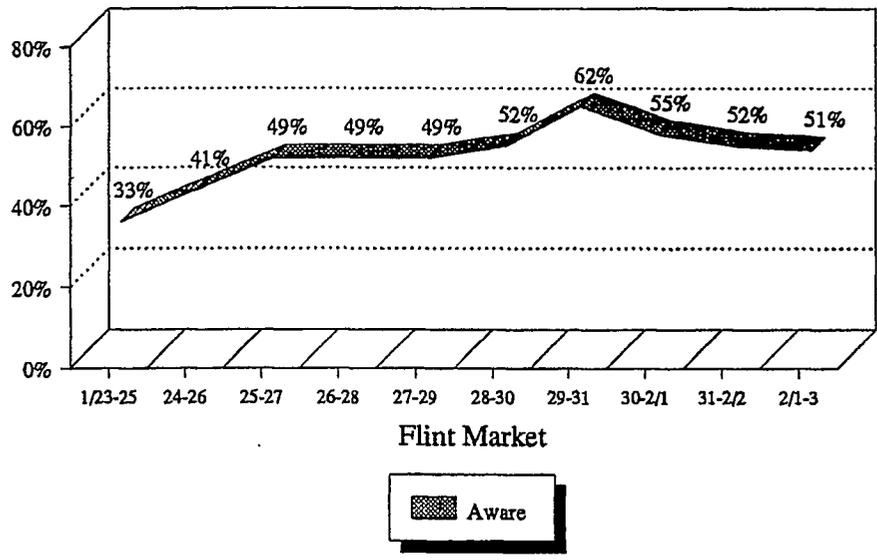
## Awareness of Excise Taxes (Three day rolling totals)



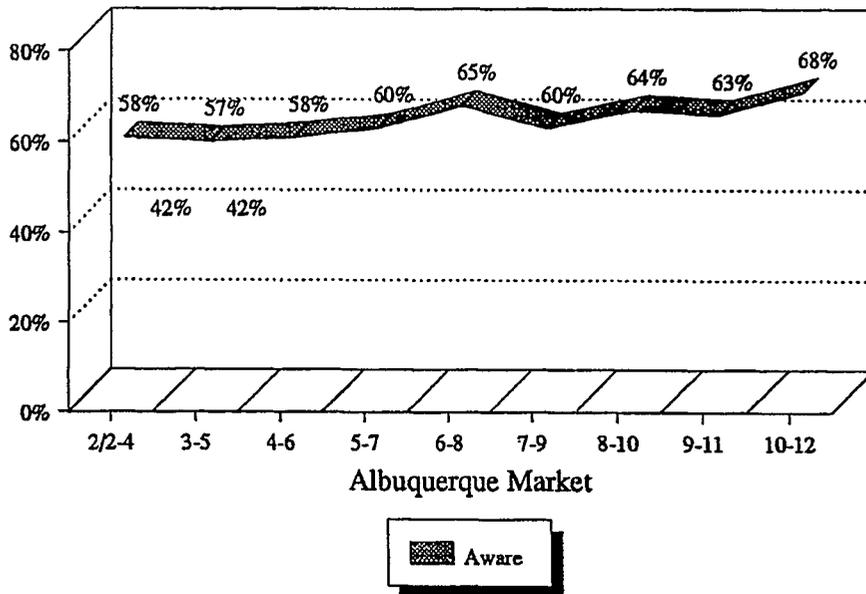
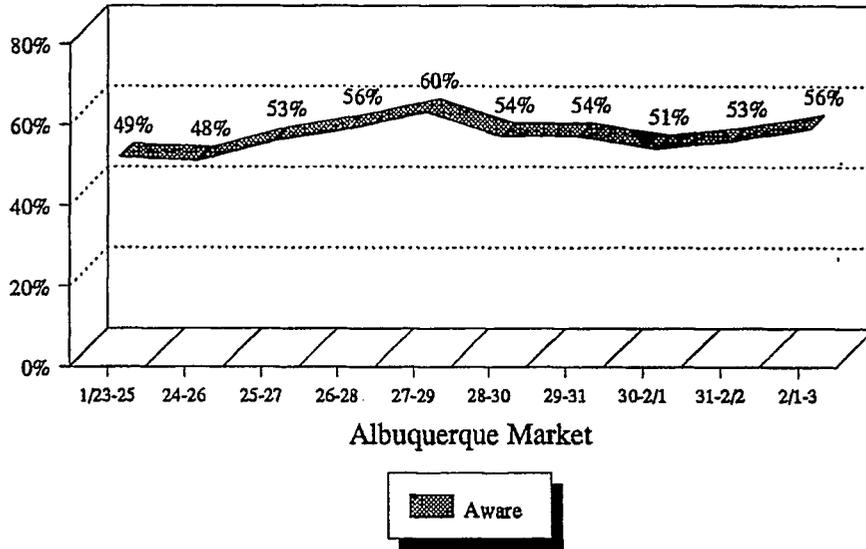
## Awareness of Excise Taxes (Three day rolling totals)



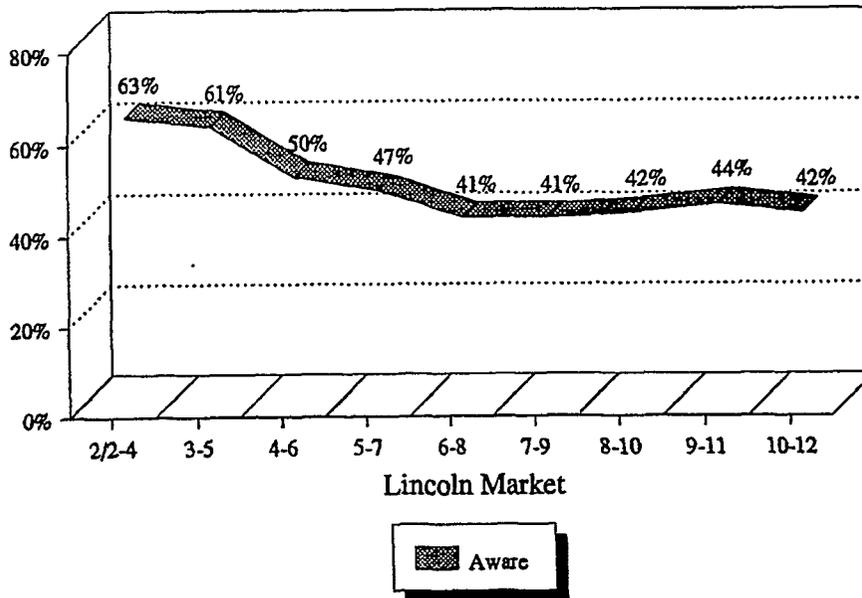
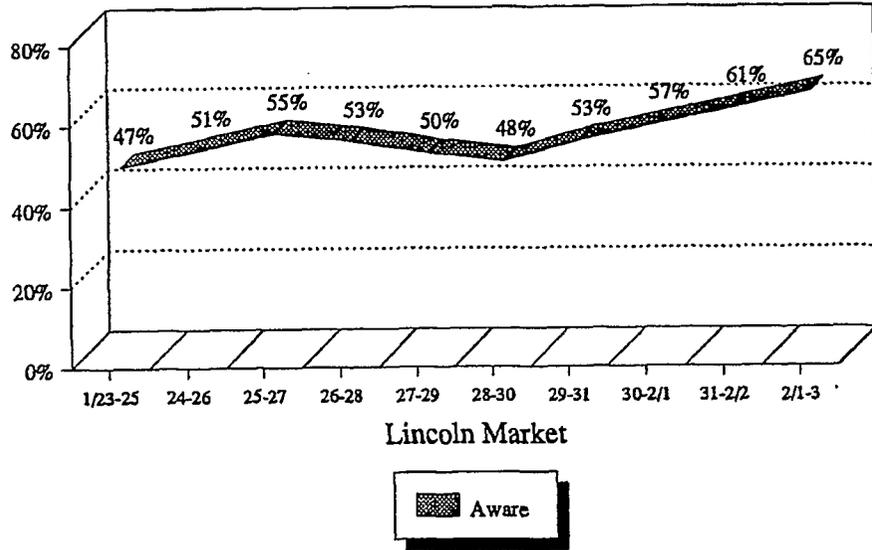
## Awareness of Excise Taxes (Three day rolling totals)



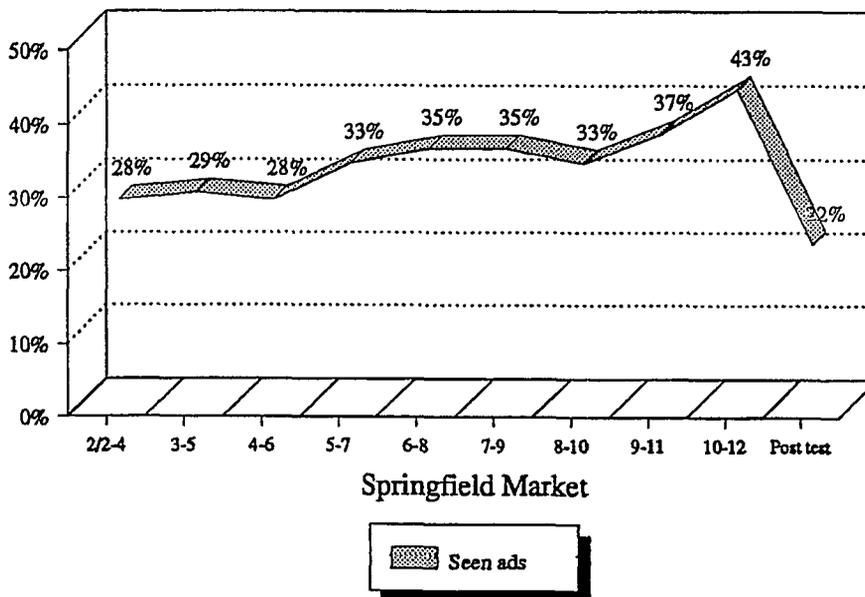
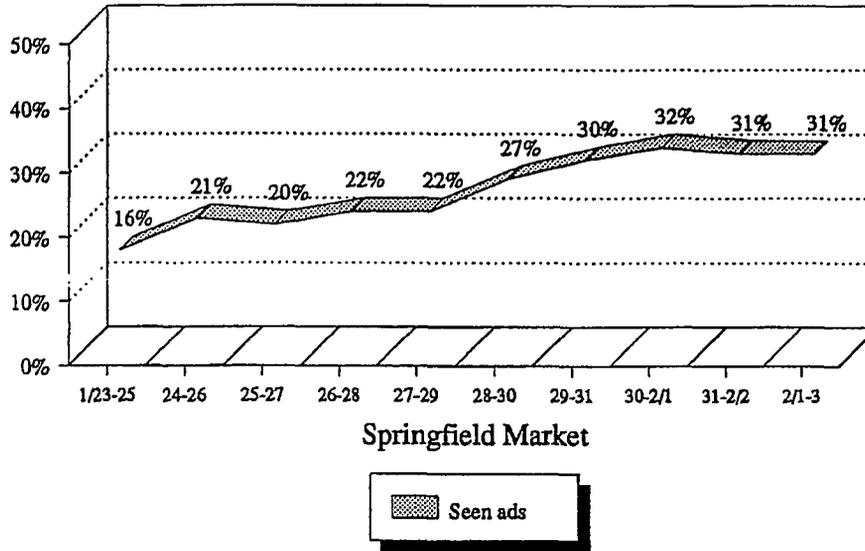
## Awareness of Excise Taxes (Three day rolling totals)



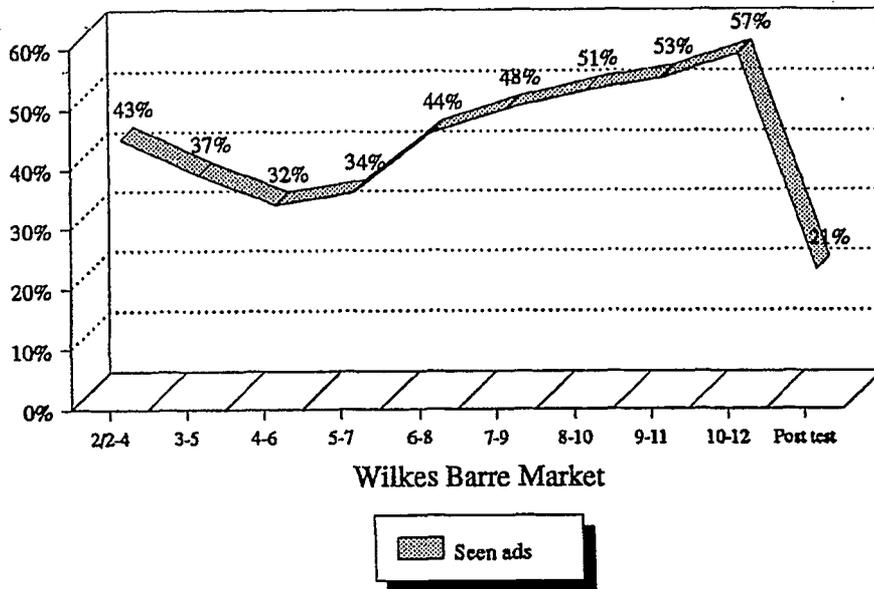
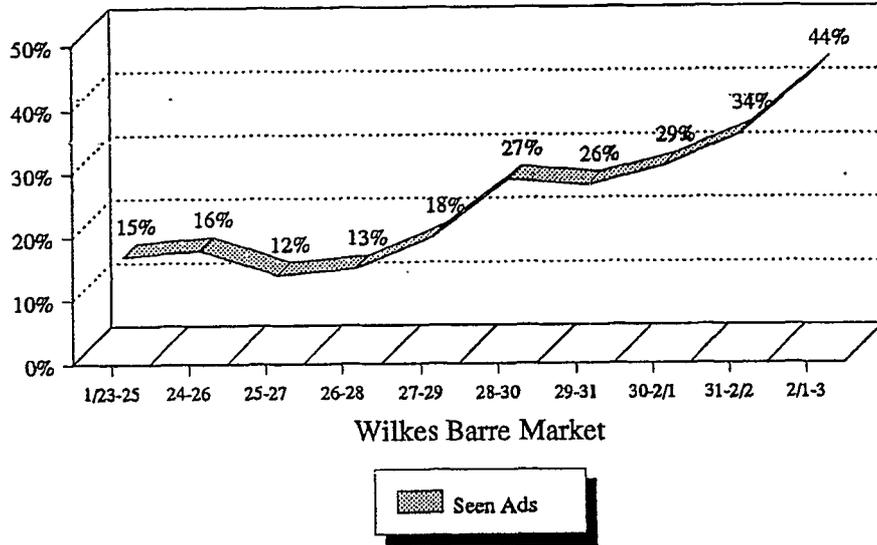
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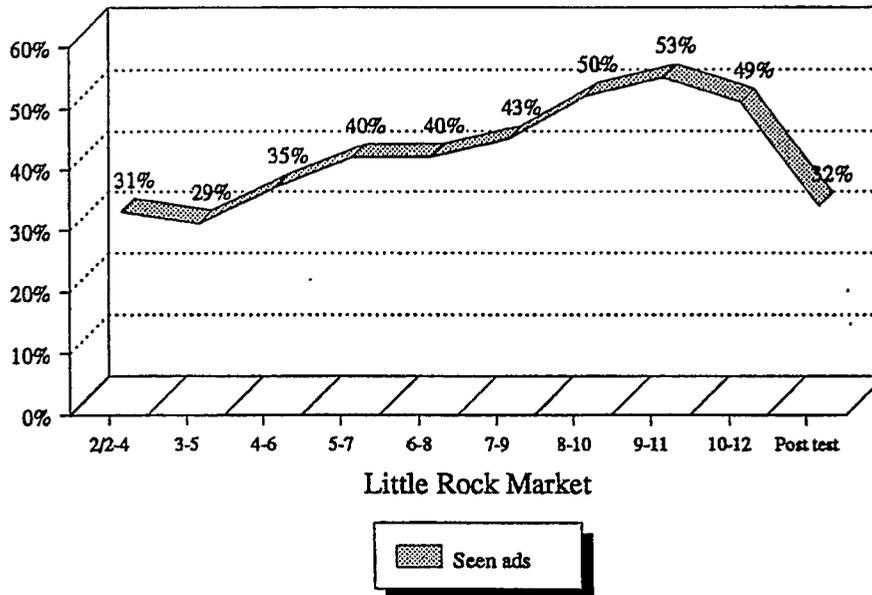
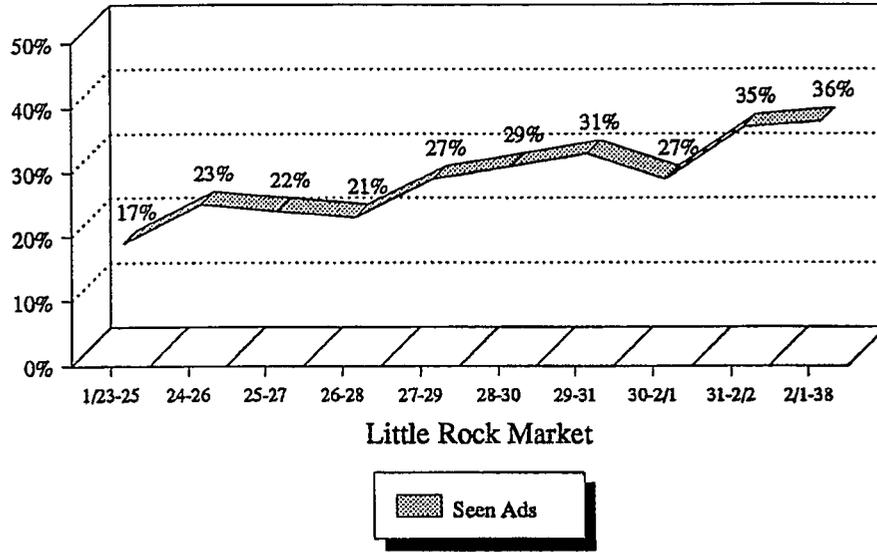
## Exposure to Tax Alliance Ads (Three day rolling totals)



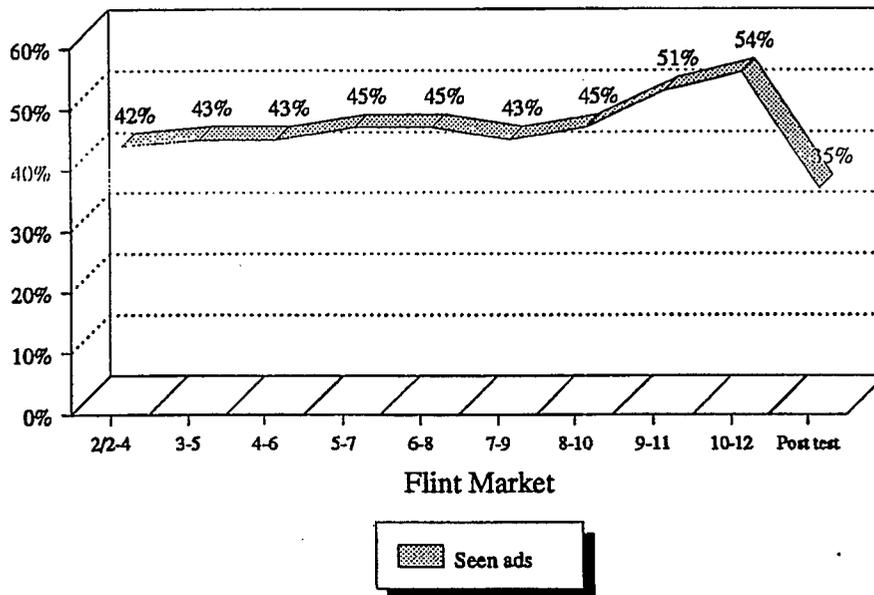
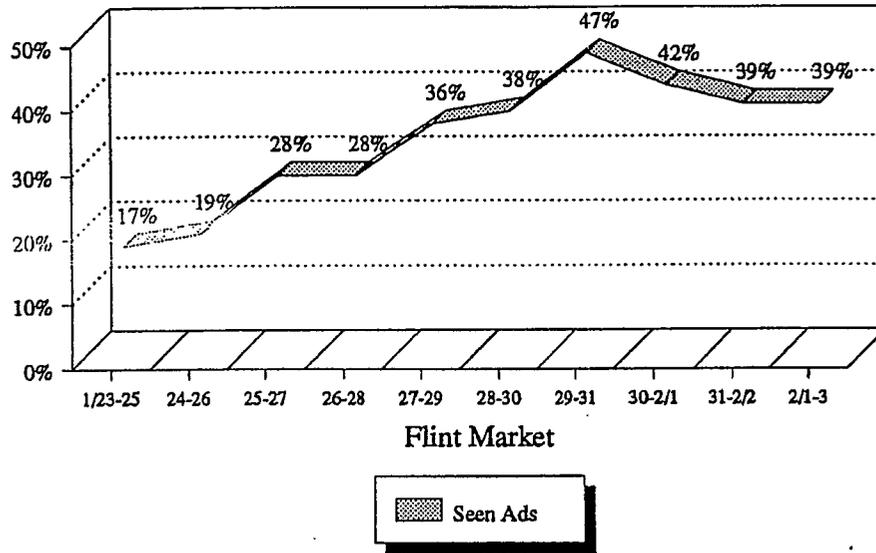
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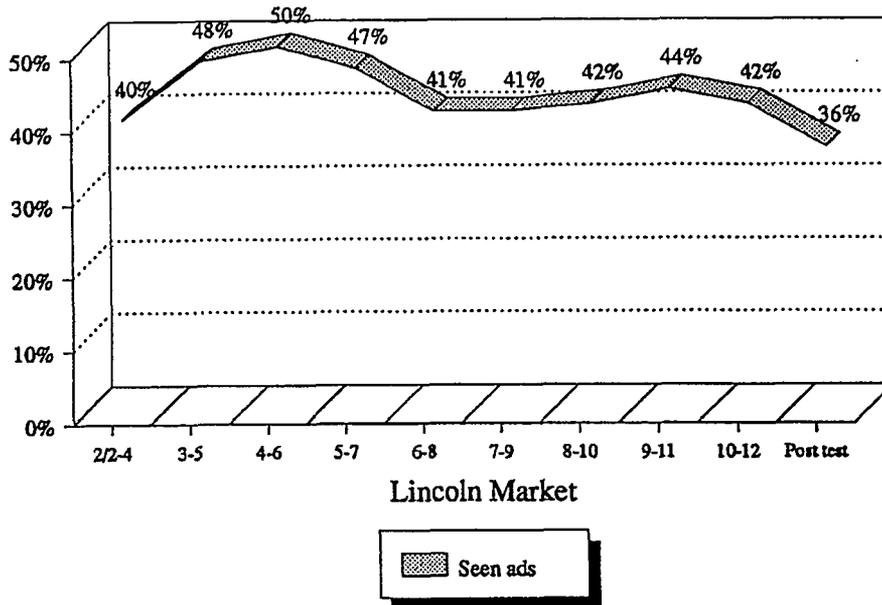
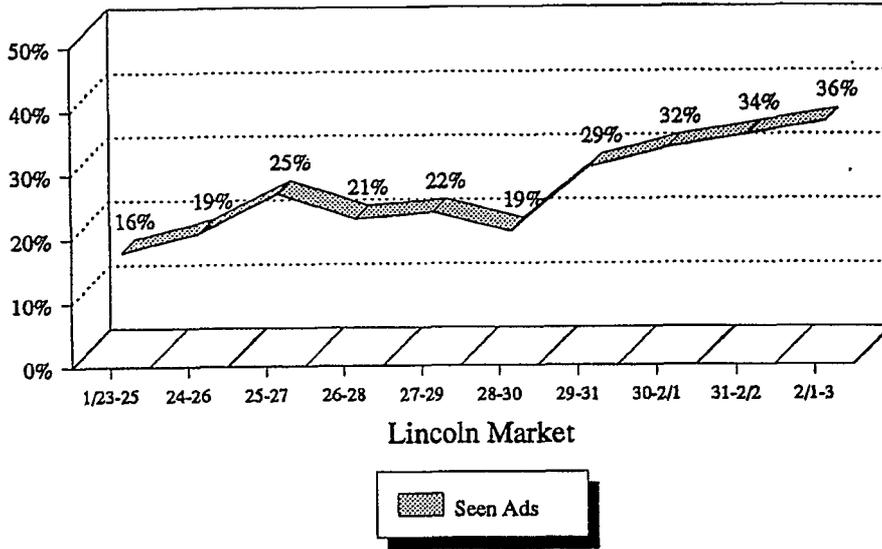
## Exposure to Tax Alliance Ads (Three day rolling totals)



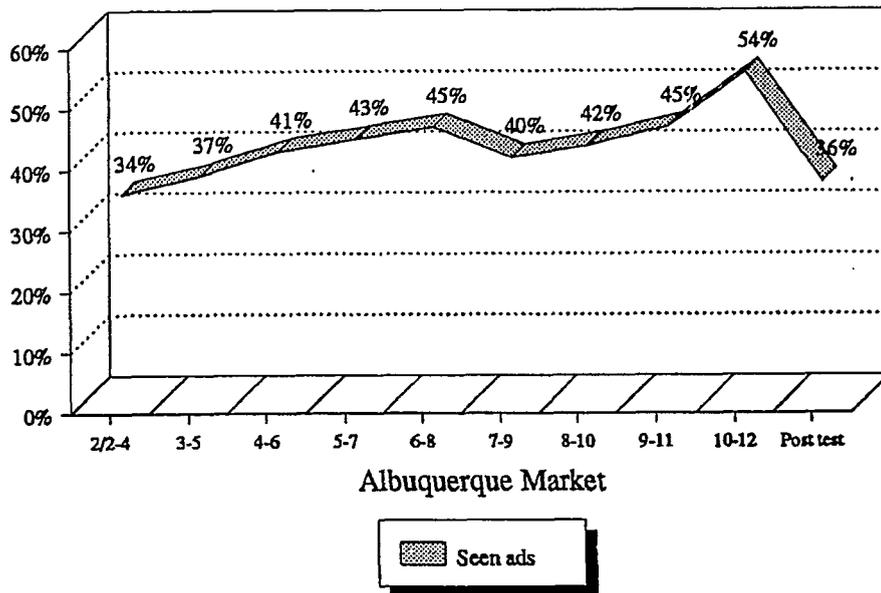
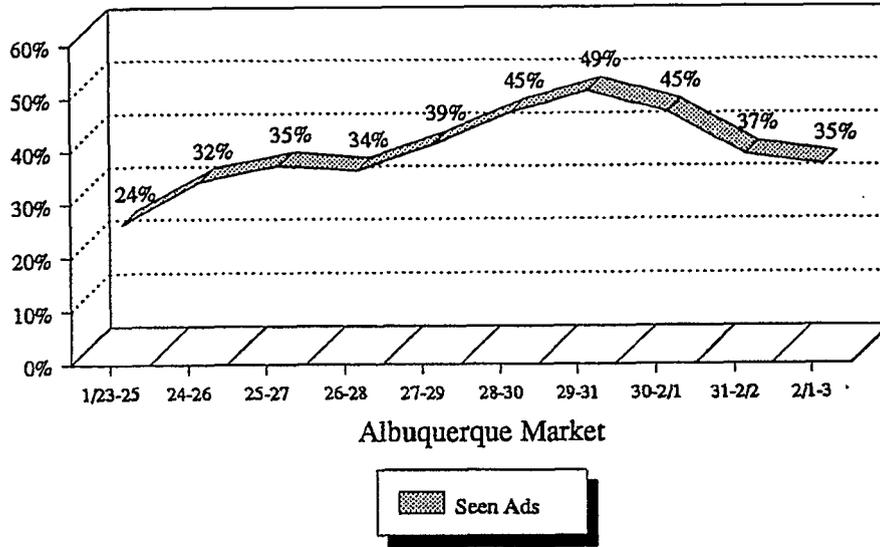
## Exposure to Tax Alliance Ads (Three day rolling totals)



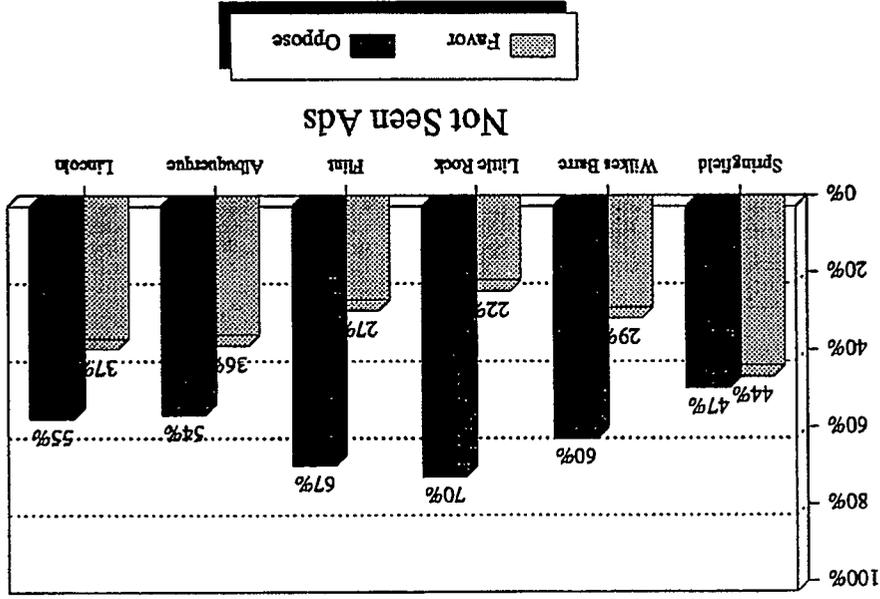
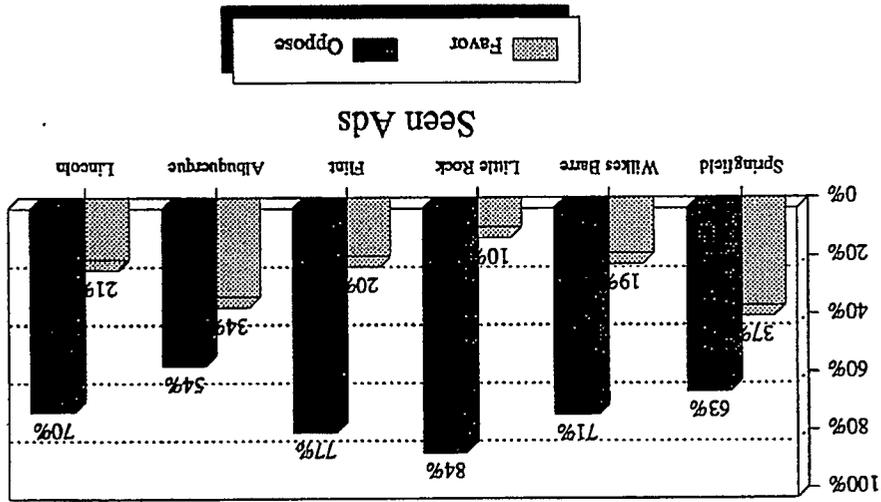
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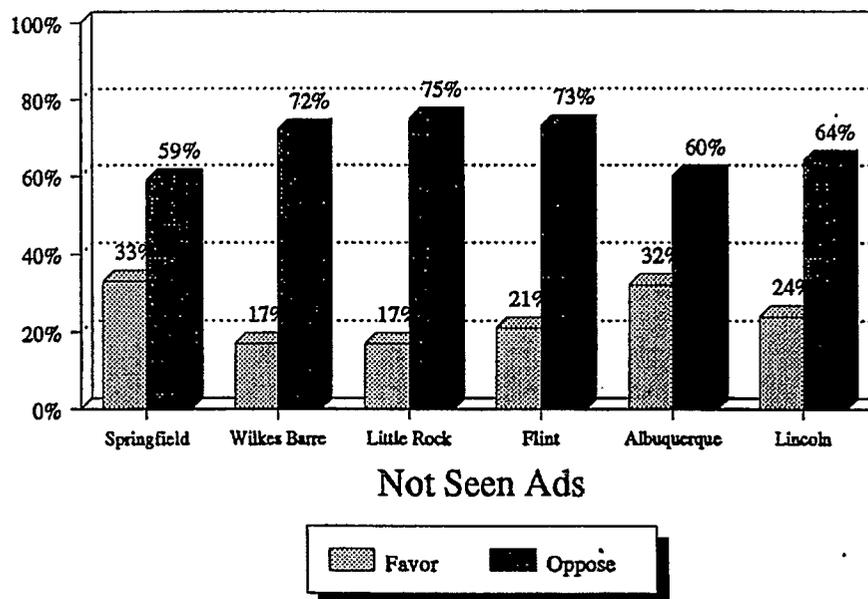
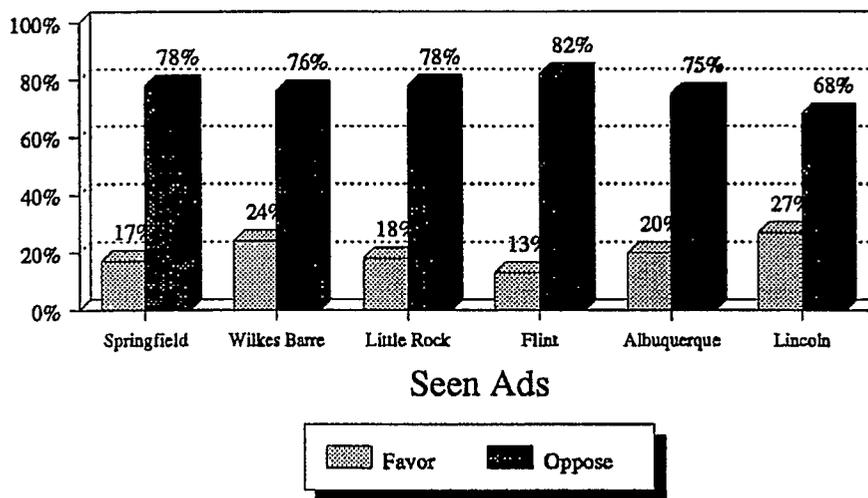
## Exposure to Tax Alliance Ads (Three day rolling totals)



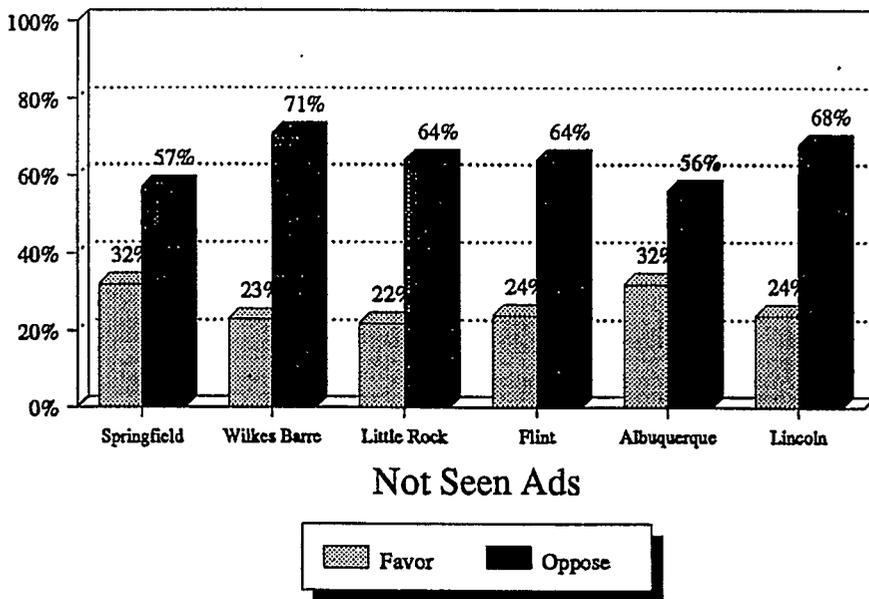
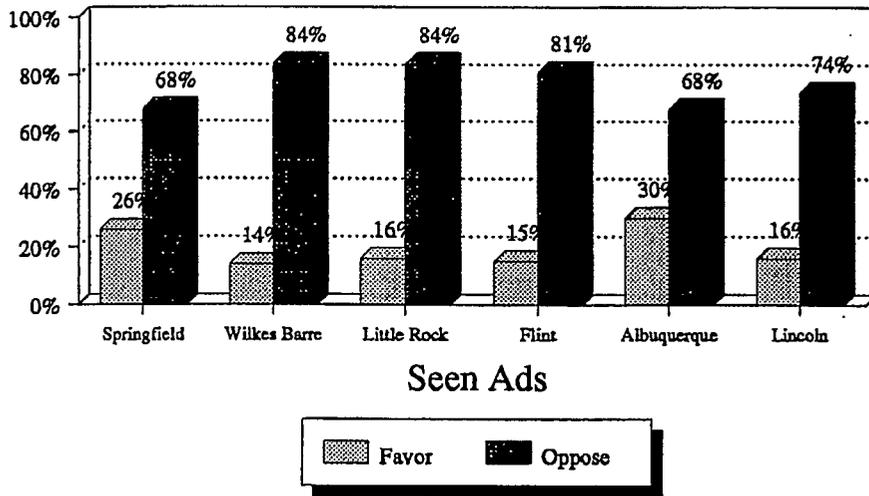
# Opinion of Increasing Consumer Excise Taxes By Exposure to Ads (Totals for week 1)



## Opinion of Increasing Consumer Excise Taxes By Exposure to Ads (Totals for week 2)



## Opinion of Increasing Consumer Excise Taxes By Exposure to Ads (Totals for week 3)



**WEEK TO WEEK TRACKING RESULTS: SPRINGFIELD**  
(%)

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>
<b>Recalling Ads:</b>			
Favor	37	17	26
Oppose	63	78	68
Margin	(26)	(61)	(42)
<b>Not Recalling Ads:</b>			
Favor	44	33	32
Oppose	47	59	57
Margin	( 3)	(26)	(25)

**WEEK TO WEEK TRACKING RESULTS: WILKES BARRE**  
(%)

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>
<b>Recalling Ads:</b>			
Favor	19	24	14
Oppose	71	76	84
Margin	(52)	(52)	(70)
<b>Not Recalling Ads:</b>			
Favor	29	17	23
Oppose	60	72	71
Margin	(31)	(55)	(48)

**WEEK TO WEEK TRACKING RESULTS: LITTLE ROCK**  
(%)

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>
Recalling Ads:			
Favor	10	18	16
Oppose	84	78	84
Margin	(74)	(60)	(68)
Not Recalling Ads:			
Favor	22	17	22
Oppose	70	75	64
Margin	(48)	(58)	(42)

**WEEK TO WEEK TRACKING RESULTS: FLINT**  
(%)

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>
Recalling Ads:			
Favor	20	13	15
Oppose	77	82	81
Margin	(57)	(69)	(66)
Not Recalling Ads:			
Favor	27	21	24
Oppose	67	73	64
Margin	(40)	(52)	(40)

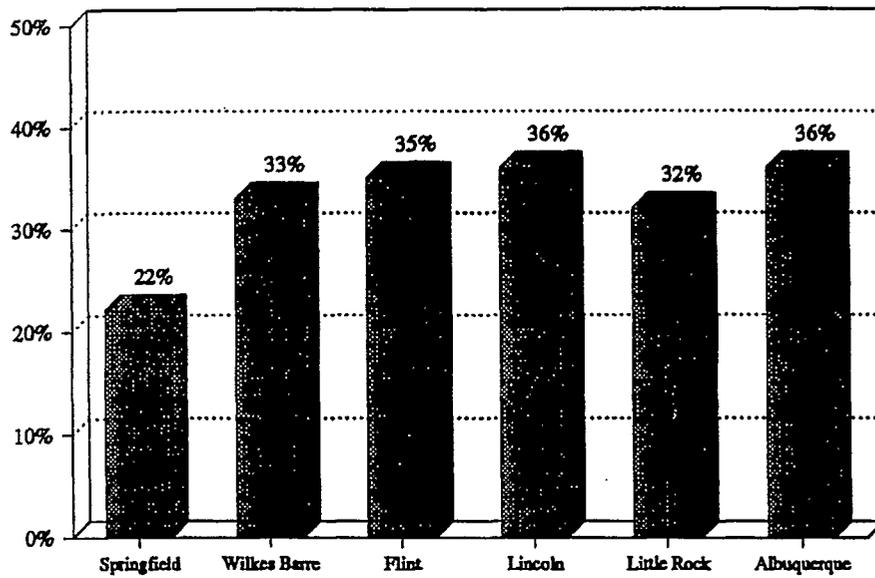
**WEEK TO WEEK TRACKING RESULTS: ALBURQUERQUE**  
(%)

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>
Recalling Ads:			
Favor	34	20	30
Oppose	54	75	68
Margin	(20)	(55)	(38)
Not Recalling Ads:			
Favor	36	32	32
Oppose	54	60	56
Margin	(18)	(28)	(24)

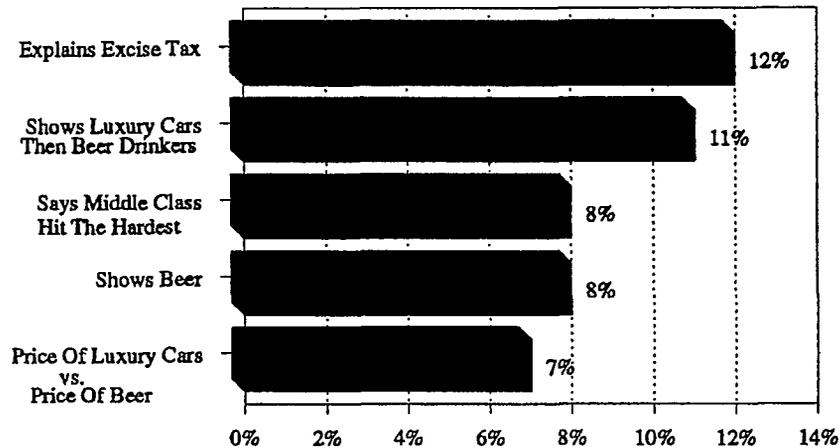
**WEEK TO WEEK TRACKING RESULTS: LINCOLN**  
(%)

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>
<b>Recalling Ads:</b>			
Favor	21	27	16
Oppose	70	68	74
Margin	(49)	(41)	(58)
<b>Not Recalling Ads:</b>			
Favor	37	24	24
Oppose	55	64	68
Margin	(18)	(40)	(44)

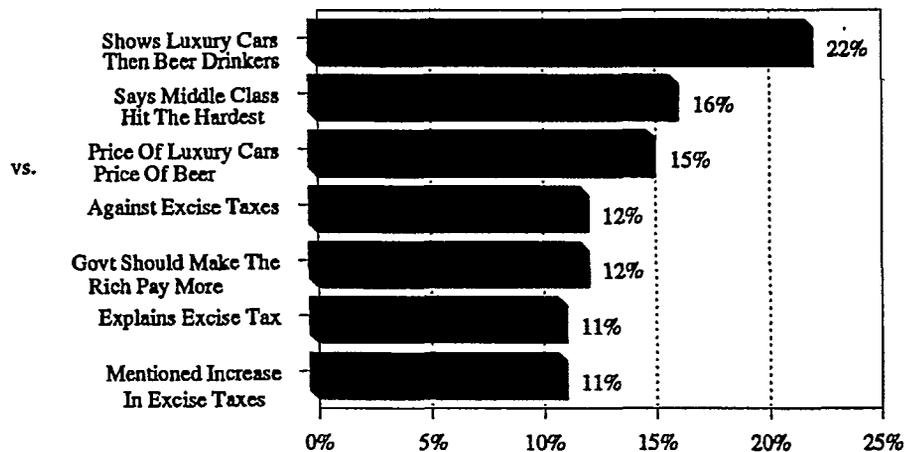
## Post Test: Cumulative Ad Recall



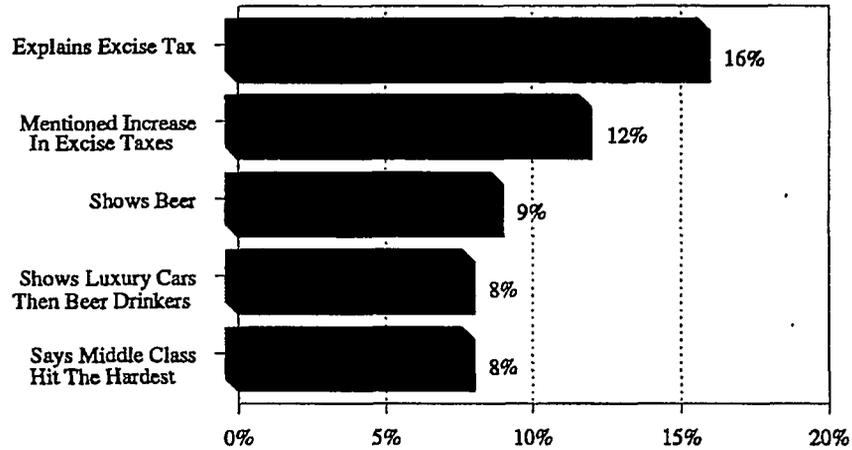
# What Do You Recall About The TV Ads That You Saw? Springfield Market



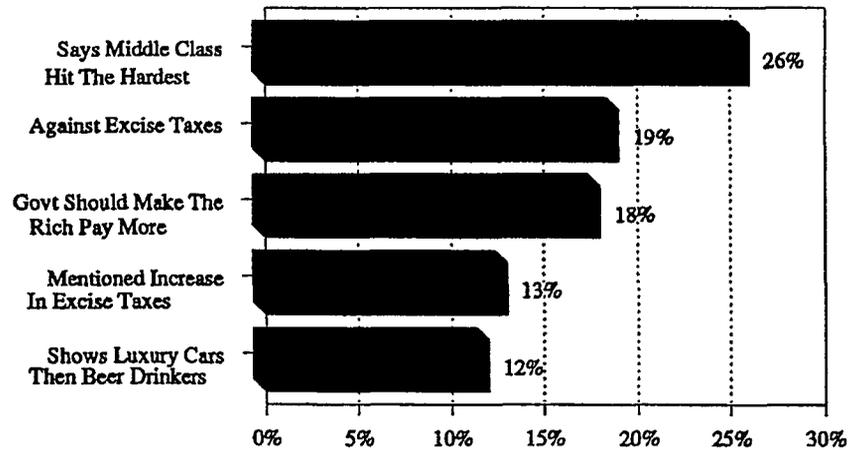
# Wilkes Barre Market



# What Do You Recall About The TV Ads That You Saw? Flint Market

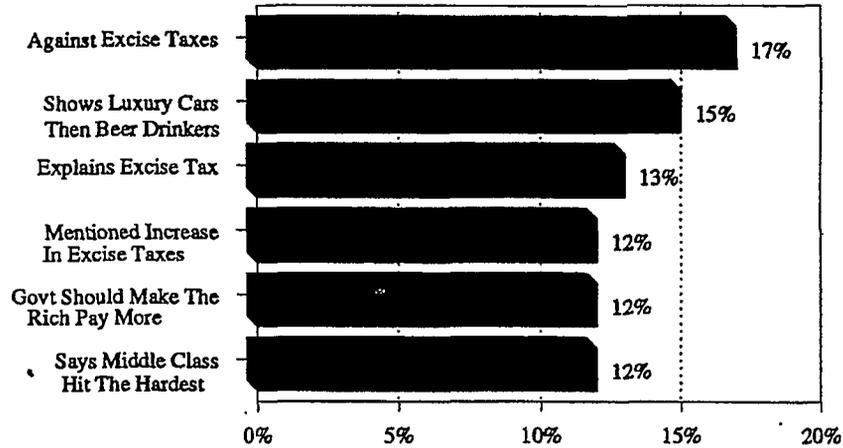


# Lincoln Market

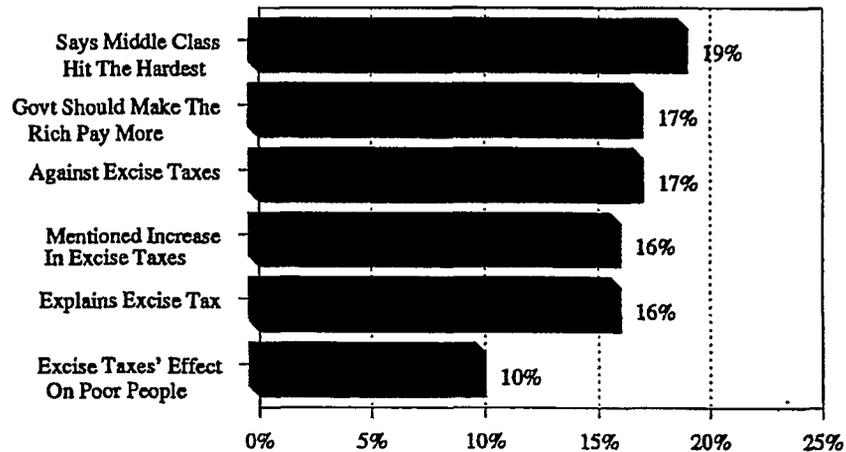


# What Do You Recall About The TV Ads That You Saw?

## Little Rock Market



## Albuquerque Market



# **Consumer Tax Alliance**

## **Fact Sheet**

### **What is the Consumer Tax Alliance?**

The Consumer Tax Alliance (CTA) is a coalition of public interest and labor organizations and individuals dedicated to fighting increases in consumer excise taxes. We are fighting for a fair tax system in which people and corporations that make more, pay more.

### **What are consumer excise taxes?**

Consumer excise taxes are hidden taxes, buried in the price of products people use every day – such as gasoline, beer, wine and tobacco products.

### **What does CTA hope to accomplish?**

Our goal is to educate the public on the issue of consumer excise taxes. Consumer excise taxes are popular with some politicians because they are hidden taxes that many people do not even realize they pay. Some politicians see excise taxes as the easiest, least painful answer to tough revenue needs. We are convinced that, when presented with the evidence, the public will insist that alternative, fairer revenue options should be used.

### **Why do politicians view these taxes as easy targets?**

Some politicians think Americans would not notice an increase in consumer excise taxes because the tax is hidden in the price of the product. These politicians hope that the public will not complain about paying another nickel or dime for a gallon of gas, or a pack of cigarettes, or a six-pack of beer. But these nickels and dimes add up to a large burden for middle- and low-income Americans.

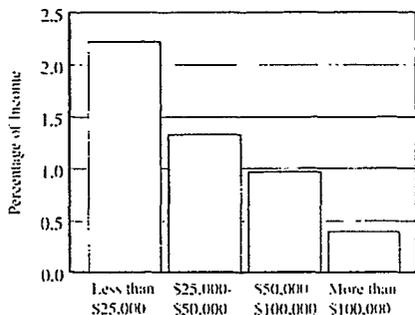
### **What's wrong with consumer excise taxes?**

Consumer excise taxes are an extremely regressive way to raise revenues. Excise taxes are flat taxes added to the price of a product. Therefore, while a wealthy and a poor person may buy the same product, the poor person will pay up to eight times more as a percent of his or her income in excise taxes on the product because he/she has less income.

### **Who bears the burden of excise taxes?**

Consumer excise taxes hit hardest the people with the least ability to pay: working families, single mothers, rural households and the elderly poor.

Federal consumer excise taxes currently take more than five times more, as a percentage of income, from a person earning less than \$25,000 per year than they do from someone earning \$100,000. That is a lot for families struggling to make ends meet.



Source: Congressional Budget Office, Dec. 1999

**The less you earn, the more you pay**  
**Excise taxes as a percentage of income**

*A person earning less than \$25,000 a year pays more than five times more of his or her income toward consumer excise taxes than someone who earns \$100,000.*

The data are clear: Consumer excise taxes are among the most unfair of all revenue options available, taking many times more from the pocketbooks of the poor than the wallets of the wealthy.

**Is Washington currently considering increases in consumer excise taxes?**

There were a number of bills introduced in the last Congress that would have raised existing taxes or imposed new ones; we expect to see even more in the future. With the real federal budget deficit exceeding \$300 billion a year (excluding the Social Security surplus), the pressure is on Congress and the President to find new revenue. Likewise, reforming America's health care system is a priority item for the Congress and the President. Providing access to health care for all Americans – even after the Administration has kept its pledge to enact real cost containment – is likely to require additional funding. Consumer excise taxes are a likely target.

The CTA believes there are fairer, more broad-based alternatives. We are committed to ensuring that those alternatives are a part of the debate.

For those who favor tax fairness, the ultimate question remains: Who will bear the burden? Those who can afford it – or working Americans?



## The Case Against Consumer Excise Taxes

There has been much talk recently among members of the Administration and some Members of Congress that tax increases will be needed to deal with the federal budget deficit and to help finance reforms in our health care system. A solution to the nation's fiscal problems must be constructed on the basis of equity: All members of society should pay their fair share.

Raising consumer excise taxes to deal with these tough revenue needs would further burden low- and middle-income families who already pay more than their fair share of taxes.

Raising consumer excise taxes is unfair and unwise fiscal policy.

- **Consumer excise taxes are regressive**, hitting hardest those people who are least able to pay – low- and middle-income families.
- **Consumer excise taxes are arbitrary and unfair**, discriminating against consumers of selected goods and services. Tax burdens should be distributed equitably, and based on the ability to pay.
- **Increased consumer excise taxes would signal a reverse in the momentum to restore equity to the federal tax system.** Gains that low- and middle-income families achieved through tax reforms in the mid-1980s and recent efforts by the Clinton Administration to move toward a tax system that relieves the middle class tax burden and makes the wealthy and corporations pay their fair share will be undermined.
- **Deficit reduction should be financed progressively** with all Americans paying their fair share. Low- and middle-income families, those who gained little from the excesses of the 1980s, should not be asked to pay with excise taxes for the party that wealthy individuals and corporations enjoyed.
- **Government programs that serve everyone should be financed by broad-based taxes.** Health care reform would increase access to health insurance for all Americans and should be financed by a broad-based progressive tax, not consumer excise taxes. According to the Economic Policy Institute, using consumer excise taxes to fund health care expenditures would make an already regressive system worse.
- **Raising consumer excise taxes for any purpose is bad tax policy.** Financing progressive government through regressive means forces a few Americans to shoulder the tax burden of the entire society.