



NEWS

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Taxpayers to Washington: Before Hiking Taxes or Slashing Tax Cuts, Look at Gov't Waste

Tax receipts are still higher than at any time since World War II, while waste is dripping by the billion from the Federal Government's trough.

WASHINGTON – War wages eight time zones away, but the battle of the budget won't go away. And in Washington, the traditional, annual tug-of-war between Republicans, Democrats, taxpayers and spending interests is on full-scale.

To spur the economy and promote business investment, President Bush has proposed an end to the double taxation of dividend income as part of his budget proposal. But some senators who opposed President Bush's first round of tax relief in May of 2001, like Kent Conrad (D-N.D.), have suggested that no more tax relief is available, in time of war. Others, like Ted Kennedy (D-Mass.) have advocated rolling back that very tax relief while opposing the war at the same time.

Such concerns are dismissed by Grover Norquist, the taxpayer advocate who heads Americans for Tax Reform (ATR) in Washington. Some analysts estimate that a war could cost more than \$100 billion (the president isn't sharing the estimates he's received), but Norquist projects the pricetag at \$60 billion and says that could be covered through modest cuts in discretionary federal spending. "If this was going to be a 20-year war, you could talk about the burdens to be shared, but if it's a finite war with finite costs, the government doesn't have to prepare people for a long struggle," Norquist said.

Meantime, federal government spending increased by 11% last year – almost five times the rate of inflation – while billions of dollars were wasted in poor management. Some examples:

- **The federal government cannot account for \$17.3 billion it spent in 2001.**
- **More than 25% of Earned Income Tax Credit claims were erroneous, costing \$8.1 billion in 1999.**
- **The Department of Agriculture recently was unable to account for \$5 billion in receipts and expenditures.**
- **Medicare overpayments totaled \$12.1 billion in 2001.**

"Economic growth and spending restraint lead to surpluses, not vice-versa," continued Norquist. "The reason surpluses don't stick around is because nothing is hotter than government money in a politician's pocket. Cut taxes to spur the economy – that's how we'll see surpluses again," he concluded.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.