



NEWS

AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

FOR IMMEDIATE RELEASE
6 August 2002

CONTACT: Jonathan Collegio
202-785-0266

Don't Spill the Beans: Coffee Tax in the Works

Seattle proposes 10-cent per cup tax on espresso and lattes to finance child care programs.

WASHINGTON, DC — In an excise-tax-gone-mad attitude among state legislatures nationwide, America's 2nd most heavily taxed and regulated state, Washington, now faces an Election Day referendum on a 10-cent espresso taxes.

Local businesses, Starbucks included, and chambers of commerce have rallied to oppose the tax, the revenues from which will purportedly fund children's healthcare.

Taxpayer advocate Grover Norquist, who heads Americans for Tax Reform (ATR) in Washington DC, called the tax proposals "**irresponsible, unfair, and ridiculous.**" He added, "Taxes like this harm the coffee industry, the local and national economy, and consumers. They simultaneously target a specific group in society that receives no benefit from the financed program. **And if we start with coffee taxes for childcare, what next? – chocolate taxes for sweet-tooth research? The possibilities are both limitless and absurd.**"

Increasing taxes on coffee harms consumers, coffee houses, and coffee producers around the world. The estimated \$7 to \$10 million raised in revenues would purportedly fund children's healthcare. Nevertheless, Starbucks alone has already contributed millions of dollars to charitable causes in the Seattle area, including \$1 million alone to Americorps-Head Start cooperative programs.

Supporters justify their position with claims that there currently are no taxes to subsidize childcare, but they overlook the obvious fact that existing subsidies for such programs come out of current tax revenue. And because money is fungible, the money raised from the new tax will simply swell the state's budget to fund new, wasteful spending programs.

Seattle Mayor Greg Nickels has not yet stated his position on the tax. He did comment that "I don't like boutique taxes" aimed at a specific income group or single beneficiary program.

Norquist concluded: "According to ATR's annual Cost of Government Day Report, Washington State already faces extremely high taxes and regulations. Increasing excise taxes, be they on coffee or other goods, is and will always be bad policy. **Government should not be in the business of telling people what to eat or drink.** I urge Washington State lawmakers to support taxpayers by stating their opposition to this ridiculous proposal."

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