



AMERICANS FOR TAX REFORM

TAX ALERT

A weekly report by Damon B. Ansell and Emily Sedgwick

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Alabama Radio Ad Likens Governor to Sprayed Roach

The Business Associations' Tax Coalition (BATC) is running an ad in Alabama saying that Gov. Don Siegelman (D) "must be crazier than a sprayed roach" for proposing \$160 million in business taxes. Gov. Siegelman's proposal is considerably greater than the subject of current debate in the state legislature (BATC also opposes the Legislature's version). In the ad, two beer-drinking men at the Talladega races discuss Gov. Siegelman's tax increases some of which would make attending the races less affordable. The first man says, "Governor Siegelman's running around the state like a scalded dog pushing his tax increase plan." The second man replies, "He must be crazier than a sprayed roach." In a similar ad run a week ago, the same two characters express disapproval for Siegelman's plan to increase the cost of shotgun shells, fishing tackle, and NASCAR tickets. Gov. Siegelman's response to the ads: "They are insulting the intelligence of the people of this state." (*Associated Press*, 12/14/01)

Oregon Teachers' Union Suggests Tax Hikes

On December 12, the Oregon Education Association (OEA) recommended raising revenue by increasing taxes on cigarettes, wine, and beer to cover the state's \$700 million spending shortfall. The legislature is expected to convene for a special session in February to deal with the shortfall. OEA officials cited federal census information that ranked Oregon fourth among states for high class size, and 45th among states for low state and local taxes. Drawing that correlation (high class size the result of low taxes) and then announcing that taxes on specified products like tobacco and alcohol "carry the least political baggage," OEA spokeswoman Laurie Wimmer Whelan made OEA's social agenda crystal clear. The OEA's agenda includes a 50 cent increase to the state's per-pack tax of 68 cents, raising wine and beer taxes by an undisclosed amount, delaying a voter-approved increase to the federal income tax deduction, and spending \$200 million in tobacco settlement and federal Medicaid funds. (*Associated Press*, 12/13/01)

Nevada Governor's Task Force Considers Tax Structure

The Governor's Task Force on Tax Policy ended its first meeting 12/12/01 by agreeing to consider taxes on gross receipts, mining, property, sales or services, business profits, slot route operators, car rental companies, fuel, and energy. In addition, the Task Force agreed to look at franchise fees, business employee taxes, and sales tax exemptions. Notably, gaming taxes and a personal income tax did not make the list, although Task Force members were quick to point out that they could still add to the list. Gaming taxes and sales taxes each make up 38% of annual state revenue. The Task Force's recommendations are due 11/15/02 and will be used by the 2003 state legislature when it devises the next biennial budget. The second meeting of the Task Force will occur 1/16/02. (*Las Vegas Review-Journal*, 12/13/01)

West Virginians Save Millions by Shopping Online

The University of Tennessee released a study recently estimating that West Virginians save \$70.1 million in sales taxes by shopping with online retailers. Mark Muchow, an official at the state's Tax Division disagreed with the University's estimate, postulating that West Virginia state revenue coffers see just \$20 million less in sales tax generation as a result of online purchases free of sales tax. The 6% state sales tax on internal sales and the companion use tax on out-of-state purchases accounts for nearly \$1 billion in annual revenue. The companion use tax does not apply to businesses without a West Virginia nexus, although state Delegate John Doyle (D-Jefferson) motioned to recommend a bill to the Legislature's Joint Committee on Government and Finance authorizing West Virginia to join the Streamlined Sales Tax Implementing States (SSTIS). SSTIS is an interstate commission working on the so-called Simplified Sales Tax Project, an effort to provide states with the technological and administrative apparatus to tax online sales. (*Charleston Gazette*, 12/11/01)

Wisconsin Governor's Plan to Hike Taxes

Gov. Scott McCallum's (R) proposal to raise taxes of any kind won't pass Legislative muster, according to key lawmakers. A \$1.3 billion spending shortfall prompted the Governor to suggest allowing counties to hike the sales tax from 5% to as much as 6.6%. "The Republicans in the Assembly will not pass a tax increase," said Assembly Majority Leader Steven Foti (R-Oconomowoc). "It would be a terrible, terrible mistake to increase the sales tax, because once it's increased, it'll stay increased," said Senate President Fred Risser (D-Madison), although Risser supports increasing cigarette taxes to \$1 dollar per pack. The tax already jumped to 30% on 10/1/01, to 77 cents. (*Milwaukee Journal-Sentinel*, 12/10/01)

Arkansas "Tax Me More" Fund Not Very Funny?

Gov. Mike Huckabee's (R) suggestion that Arkansans who feel that they do not already pay enough in taxes should make voluntary contributions to the "Tax Me More" Fund has only generated \$260. Not everyone appreciated the Governor's suggestion. "As our Governor, I would certainly expect Mike Huckabee to handle this dilemma in a more serious and professional manner. Unfortunately, his Tax More More Fund merely serves as a mockery to the elected officials who are trying to find a viable solution to this budget dilemma," said Ron Oliver, chairman of the Arkansas Democratic Party. Gov. Huckabee noted this week that \$260 won't cover the state's \$142 million spending shortfall, and that he'll recommend cutting spending.

Heroes for December: U.S. Senators Zell Miller (D-GA), John Breaux (D-LA), and Ben Nelson (D-NE) for working on the stimulus package that Senator Tom Daschle (D-SD) refuses.

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