



NEWS

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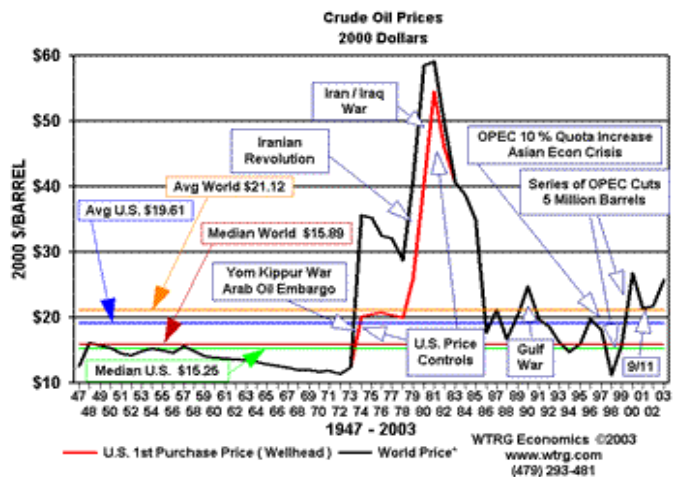
Congress is Calling for a Stealth Gas Tax Hike – A Tricky, Unwise Move During Economic Recovery.

Attempts in Congress to hike gasoline tax come at a particularly inauspicious time.

WASHINGTON – Every few years, Congress resurrects the specter of an increased gasoline tax to pay for new transportation. And every few years the idea is a bad one, but when calls for a tax hike come during an economic recovery, the policy is particularly imprudent.

The gas tax hike bill currently under consideration, sponsored by Rep. Don Young (R-Alaska), would raise the gasoline tax by 5.4 cents per gallon, and/or index the tax to the rate of inflation. The indexing part of the legislation amounts, in effect, to a stealth tax increase that Americans would be forced to pay each year regardless of their discretion.

“Crude oil prices are approaching their highest levels in over 20 years,” said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform (ATR) in Washington, DC. “The economy is recovering from a recession, two wars, mammoth financial scandals, and the worst terrorist attack in modern history. Yet, some members of Congress feel the best way to improve the economy is to pass a regressive tax that hurts manufacturing, travel, agriculture, shipping, and virtually every industry in America,” he continued.



The bill comes as part of the Transportation and Equity Reauthorization Act, known in Washington as TEA-LU. The last such bill to pass Congress went through in 1998. Then-President Clinton severely reproached Republican leaders, including then Speaker Newt Gingrich (R-Ga.) for passing such a pork-laden bill in a time of budget cuts.

Meanwhile, transportation costs would decrease by an estimated 8-30% if Congress removed the Davis-Bacon prevailing wage requirement, which forces contractors to higher union labor at above-market costs.

“If Congress wants to spend more money on roads, the money is there,” continued Norquist. “But until Congress repeals Davis-Bacon, robbing the taxpayers to pay the unions is a completely unacceptable notion.”

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