

## Tax Measures: Remaking America

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**A** bortion and affirmative action, gay rights and gun control — the stake progressives have in ballot initiatives on these hot button social issues is usually obvious. In the shadow of these flashier struggles, equally dangerous but less understood tax reform measures are steadily remaking America.

Of more than 450 initiatives circulating for the November, 2000 ballot, over sixty deal with tax reform. Most tax reform petitions circulating this year will contribute to our national patchwork of regressive state tax codes that disproportionately burden lower income and working families through an over-reliance on property and sales taxes. State revenue reductions are felt first in our public schools, fire and police protection, senior services, environmental protection, health care, and other essential community programs on which working families depend more heavily than the wealthy.

As the burden of taxation shifts from corporations and the wealthy onto the middle class, taxpayers are understandably eager for relief. Conventional wisdom steers them away from “tax and spend liberals” towards regressive measures masquerading as populist reforms. Increasingly, under the cover of “reducing big government,” middle class and lower income families are required to fund the infrastructure that supports corporate profiteering, while the individuals who

own those businesses are allowed to retain more and more of the profit.

Both progressives and conservatives use taxation to redistribute wealth — just in opposite directions.

### Winning Even When They Lose

Grover Norquist, regressive tax strategist and president of the conservative Americans for Tax Reform, is predicting an increase in term limits for taxes and super-majority requirements to raise taxes, along with other regressive tax measures for the 2000 election.

In Norquist's view, cutting taxes reduces the size of government, which, in turn, reduces the number of public employees whose union dues or personal efforts might help elect progressive candidates. Radical tax cutting initiatives, coupled with “paycheck protection” measures which are designed to silence the voice of organized labor, are part of Norquist's plan to defund the Left. “Every time you nick the budget,” Norquist has said, “somewhere a Democratic precinct worker loses his job.”

Furthermore, regressive anti-tax ballot measures force progressive organizations to spend money fighting defensive battles. “Even when you lose, you force the other team to drain resources for no apparent reason,” says Norquist. “When you win, it allows you to take the issue to other states and the federal level.”

### Coming to a Ballot Near You

Norquist's state-by-state agenda is unfolding as copy cat groups across the country launch regressive tax measures of their own. These insidious proposals lead voters to believe that regressive tax cuts benefit middle and lower income citizens while failing to acknowledge that services will be drastically reduced. Perhaps the radical regressive tax proponents need a budgeting refresher course. If state governments

## Regressive Taxation: Those with the Least Pay the Most

*State tax as share of family income for non-elderly married couples*

	Lowest 20%	Second 20%	Mid 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Washington	17.0%	12.2%	10.9%	8.9%	7.2%	5.4%	3.6%
Alaska	6.9%	3.7%	2.7%	2.4%	2.0%	2.0%	2.1%
Wyoming	8.2%	6.5%	5.7%	4.7%	3.8%	3.0%	2.7%
Utah	12.0%	11.2%	10.6%	9.8%	8.4%	7.0%	5.7%
Oregon	10.8%	9.1%	9.2%	9.2%	8.5%	7.6%	7.0%
Montana	7.6%	6.5%	6.6%	6.9%	6.6%	5.9%	5.5%
Idaho	9.2%	9.2%	9.0%	8.8%	8.2%	7.1%	6.8%

Citizens for Tax Justice, Who Pays? • A Distributional Analysis of the Tax Systems in All 50 States

are to pay for roads, schools, teachers, firefighters, health care, and services for the elderly, they need to generate revenue somehow. A progressive tax structure — one that relies most heavily on graduated income taxes and less on property and sales tax — is the fairest way to raise revenue.

### **Building a Progressive Strategy**

To counter regressive tax measures and rhetoric, progressives are beginning to formulate new strategies and messages. We're sure to lose most "tax cutting" fights if we fail to articulate with credible voices the critical programs those cuts jeopardize. The first step is to educate voters about the detrimental effect dramatic revenue reductions have on essential government services.

#### **1. Advance Progressive Tax Codes**

Tax cutting measures drive wedges in the progressive movement by forcing progressive constituencies to fight for fewer and fewer resources. Lower and middle income Americans already shoulder a disproportionate tax burden under regressive tax codes based on property and sales taxes. Progressive strategies need to advance revenue-neutral or revenue-positive tax policies that rely more heavily on the progressive income tax and de-emphasize regressive taxes like those on groceries. In several states, individual taxpayers actually pay higher rates than their corporate counterparts. Progressives can target these and other gross inequities in state tax codes.

#### **2. Change the Debate**

Right-wing and conservative tax cutting groups use the initiative process to influence and control the political debate in state houses and in our nation's capital. Progressive initiatives (addressing, for example, the environment, workers' rights, health care, corporate subsidies, living wages, and campaign finance reform) can reframe the debate. When voters are presented with a tax reduction measure, we hope they'll begin to ask, "What services or safety net will be lost?" rather than, "How much will I save?"

#### **3. Share Information and Strategies**

Right-wing and conservative initiative proponents share tactics, strategies, and resources across state lines and they've reaped the benefits. The Ballot Initiative Strategy Center allows progressive organizations to do the same. A recent BISC conference on tax policy highlighted an innovative strategy from Oregon, for example. Fed up with Bill Sizemore's proposed super-majority requirement for tax increases, Oregon progressives launched a victorious ballot measure that requires that any initiative calling for super-majority voting requirements be passed by a super-majority. Nothing like giving your opponent a taste of their own medicine.

#### **4. Turn the Tables**

We can steal another page from conservatives' playbook by focusing on irresponsible spending. Each year, ostensibly to create jobs, state governments unconditionally give away millions in tax breaks. Many of these corporate beneficiaries — which often have poor labor or environmental records to begin with — fail to create the jobs they've promised. Worse, corporations pit one locality against another in a "race to the bottom" to see who can offer the highest subsidies in exchange for new business that may offer little return on taxpayers' investment. (See related article, page 9.)

By focusing public attention on taxpayer subsidized corporate giveaways, progressives can rebuild public support for essential government services (see Wyoming article, page 3). A study conducted by Good Jobs First, a project of the Institute on Taxation and Economic Policy, found that corporate subsidies in Minnesota were too expensive, produced low paying jobs, and operated without accountable standards. Reforming corporate subsidies via initiative — especially in states where those subsidies correspond with a reduction in essential government services — holds great potential for progressive gains.



***The Ballot Initiative Strategy Center, founded in 1996 by a cross-section of groups from the progressive community including Western States Center, links progressive organizations around the country and promotes proactive ballot measure campaigns.***

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