OPPOSING FEDERAL PREEMPTION OF STATE REVENUE SOURCES

WHEREAS, the health and vigor of the Federal system requires the recognition of the rights of state and local governments to discharge the functions for which they are responsible; and

WHEREAS, the freedom to structure state revenue systems is integral to the operation of state governments; and

WHEREAS, Federal tax increases on revenue sources upon which states have placed heavy reliance foreclose or reduce options for state increases and have the effect of eroding state and local revenues; and

WHEREAS, the United States Senate has passed legislation to increase Federal excise taxes which could cause a substantial reduction in state and local revenues; and

WHEREAS, other proposals under consideration by the President and the Congress could, if implemented, cause substantial changes in state tax bases or state taxation methods.

WHEREAS, the Advisory Council on Social Security is considering raising federal excise taxes on alcohol and tobacco to help fund Social Security;

WHEREAS, the use of federal excise taxes on alcohol and tobacco for Social Security would consist of earmarking which is unsound fiscal policy.

NOW, THEREFORE, be it resolved, that the Southern Legislative Conference strongly opposes any action by the Federal government to preempt or erode either directly or indirectly, sources of state revenues, state tax bases, or state taxation methods.

BE IT FURTHER RESOLVED, that the Southern Legislative Conference direct its officers to communicate this policy position forcefully to the President and to the members of the United States Senate and House of Representatives.

Adopted by the Southern Legislative Conference
Lexington, Kentucky
December 4, 1983

SO-83-RR30