

## 10. POLICY POSITION

### INCREASES IN FEDERAL EXCISE TAXES

#### Background

States under the New Federalism of the 1980s have assumed increasing burdens for local program funding and implementation and at the same time have coped with the elimination of revenue sharing and categorical grants.

States have only limited revenue sources upon which to draw and constitutional requirements for balanced budgets. Economic conditions in the states vary from region to region, thus necessitating that the widest range of options be kept open to the states.

Excise taxes are regressive and any increase in such taxes at the federal level would cause further revenue losses to the states and limit states' options for new revenue from limited sources. Therefore, the National Conference of State Legislatures presented testimony in opposition to increasing federal excise taxes before the Ways and Means Committee in the U. S. House of Representatives on July 7, 1987, and committee action is expected in September of 1987.

#### Recommendation

The Southern Legislative Conference opposes increases in the various federal excise taxes and urges the House Ways and Means Committee and the Senate Finance Committee to preserve the spirit of tax reform, equality and fairness. It is recommended that in raising the revenue required by the Budget Resolution the Congress reject any measure -- specifically excise taxes -- which would disrupt the intergovernmental fiscal relations to our shared constituencies.

Further, the Southern Legislative Conference requests that a copy of the resolution be forwarded to members of Congress who serve on the appropriate committees and the U. S. Department of Treasury.