

[1991]

**Before you  
bust a gut**



**over the recent  
tax hikes  
in Pennsylvania,  
you'd better read this  
primer on taxonomics**



**1. No elected official  
wants to threaten his  
or her popularity by  
voting to hike taxes  
unless absolutely,  
positively, there is  
no alternative.**



**2. In fact, since 1983,  
Pennsylvania legislators  
have voted 11 times to  
reduce state taxes, re-  
turning to you some  
\$3 Billion!**

July 1983 - Reduce Personal Income Tax

June 1984 - Reduce Corporate Net Income Tax

July 1985 - Reduce Personal Income Tax

July 1985 - Reduce Unemployment Comp. Interest  
Fund Tax

July 1986 - Reduce Personal Income Tax

July 1986 - Reduce Corporate Net Income Tax

July 1986 - Reduce Capital Stock Tax

July 1987 - Repeal Axle Tax

July 1987 - Reduce Utility Gross Receipts Tax

July 1987 - Reduce Capital Stock Tax

July 1988 - Repeal Certain Capital Stock Franchise  
Tax Rates



**3. In 1990, the Gulf War erupted and recession hit. Suddenly 34 states had financial problems.**  
**Why?**

A. Recession means lay-offs. Fewer workers pay income tax to the state. And unemployment claims go up!

B. Recession means people delay purchases. Sales tax receipts go down.

C. Also, corporation profits fall off, and so do business tax revenues.



**4. Unable to pay its bills,  
Pennsylvania started to  
cut back:**

A. The Governor **fired** 2000  
state workers

B. He also **cut** state spending  
by \$300,000,000.00



**5. Even so, the budget gap grew bigger.**

A. Bills were coming in from schools, nursing homes, pharmacies, hospitals, mental health centers, and women's shelters, etc. that we couldn't pay.

B. **Decision time.** Let them hang? Or raise taxes?



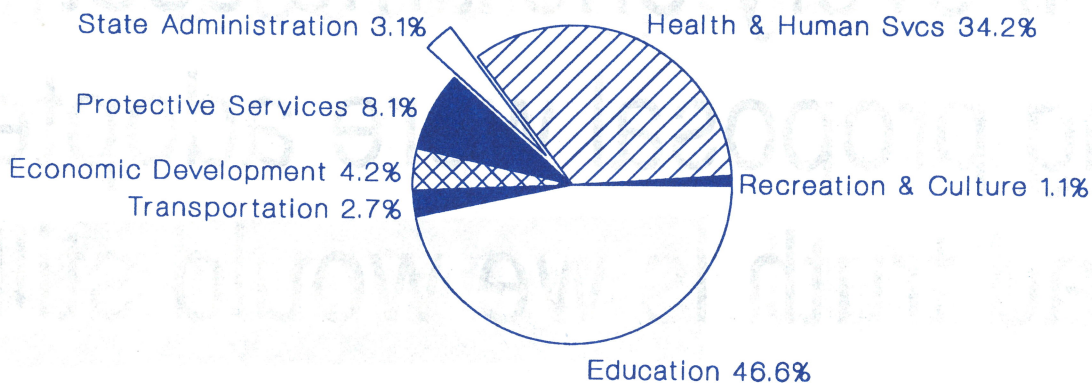
**6. House Republicans said "cut more. Sell off the State Stores." But MADD and church groups said no to easier access to liquor.**

Even if every one-time cost-cutting proposal were adopted, the sad truth is we would still be short.



**7. Even if you fired **all** state managers, **all** state politicians, **all** state-wide judges, and **all** Governor appointments, it would save less than 4% of PA's annual budget!**

**SPENDING TAX MONEY**  
Percentages for 1991-2 Fiscal Year





**8. Lacking any alternative,  
leaders of both parties  
(yes, Republicans and  
Democrats) voted for  
temporary tax hikes till  
the recession is over.**

"I never thought that I would stand here and urge anyone to vote for a tax bill of this size. I am going to vote for it and I am going to do it, not because I like it, because I do not like it...I am going to do it because the alternatives, what will happen to this Commonwealth, I think, are worse than what will happen if it passes...In fact, I probably could not be sadder (about voting for it), but I am going to do it..."

Matt Ryan  
House Republican Leader  
August 3, 1991

Personal Income tax hikes drop from 3.5% to 3.1% in January, 1992. Then in July, they fall to 2.8%



**9. Today the state can pay its bills. No elderly will be tossed out of nursing homes. Local schools are getting reimbursed. Roads will be built. Kids will be immunized. Toxic waste sites will be cleaned up.**

Thanks to you,  
Pennsylvania taxpayers.



# **10. Let's all pray for a short recession. Thank God we haven't been hurt as much as others have.**

California taxpayers paid for an increase (\$14 Billion) that is higher than the entire PA state budget!

Today they face an additional \$3 Billion shortfall.

Connecticut taxpayers went from a zero % personal income tax to 4.5%, almost 50% higher than PA's rates.

New York City had a budget shortfall of \$3 Billion. This matches our entire state drop in income.

Maryland had a \$1 Billion shortage they had to fund. Today they face another \$1 Billion deficit.

New York State has had tax hikes for three years in a row, and today faces another half billion dollar shortage!

Brought to you by State Representative Tom Michlovic... Tom wants you to know the real story behind the 1991 Pennsylvania budget battle. What's your reaction? (Over)



# YOUR TURN!

State Rep. Tom Michlovic  
House Post Office Box 192  
Harrisburg PA 17120

Tom:

Here's what I don't understand about taxes...

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Sincerely,

Name \_\_\_\_\_

Address \_\_\_\_\_

City & Zip \_\_\_\_\_

Use more paper as necessary. Mail to Tom at above address.

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