



AMERICANS FOR TAX REFORM

## POSTAL NEWSLETTER

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President

### **Key Lawmakers Pessimistic On Prospects for Reform Bill**

While momentum for a comprehensive reform of the United States Postal Service is stronger than perhaps at any point in over thirty years, several key members of Congress have expressed doubts about the likelihood that Congress will take up a postal reform bill this year.

At a meeting of the National Association of Postal Supervisors, House Government Reform Committee Chairman Tom Davis (R-VA) said that House and Senate leaders are “unenthusiastic” about passing a bill.

Meanwhile, House Treasury-Postal Appropriations Chairman Ernest Istook (R-OK) told a gathering that he also felt that there was no particular urgency on the part of House leadership to enact postal reform in this Congress.

Davis said he is working with Government Reform ranking member Henry Waxman (D-CA) to write a House bill, and he praised similar efforts on the part of Sens. Susan Collins (R-ME) and Tom Carper (D-DE) to draft a Senate bill.

Davis said the White House was fully committed to comprehensive postal reform, but blamed leadership’s lack of interest on private-sector competitors of the USPS.

Despite perceived “bipartisan support” for postal reform legislation, real differences exist even among reform advocates as to what constitutes real reform, and what should be included in a bill. Some have advocated so-called “pricing flexibility,” which would streamline the ratesetting process, while others, including Americans for Tax Reform, have argued that the USPS should get its fiscal house in order, as well as find ways to cut costs before making it easier to raise postage rates. There is also disagreement over the current pension funding scheme. As a result of legislation passed in 2003, the USPS is required to pay the military pension obligations of its employees, an obligation that could contribute to a double-digit rate increase in 2006.

Both houses are crafting legislation, but both the House Government Reform and Senate Governmental Affairs Committees have yet to hold a markup. The Senate is not expected to address reform until May, leaving precious

little time in an election year, when the legislative year is, for all intents and purposes, over in July.

### **USPS to Drop Cycling Team Sponsorship**

The USPS will reportedly end its \$50 million sponsorship of Lance Armstrong and the U.S. Pro Cycling Team in December when the current deal expires.

The deal, part of \$200 million in USPS corporate sponsorships at ratepayer expense, was designed to increase international revenues for the USPS. However, the USPS Inspector General released a report in February 2003 showing international sales were declining while the U.S. cycling team was dominating the sport.

No word yet on the other \$150 million in sponsorships.

### **Teamsters Union Runs Ads Opposing USPS Competitive Activity**

The Teamsters Union has come out with advertisement calling for “fair competition in the package delivery industry,” specifically, keeping the USPS from using revenues from its mail monopoly to cross-subsidize other services in competitive markets, to keep prices artificially low.

The union also said postal reform legislation should end the special treatment the USPS receives from the U.S. Customs Service. The USPS is currently exempt from property taxes and numerous other regulations to which the shipping industry is subject. This results in a competitive advantage for the USPS worth millions of dollars.

Reform advocates, including Americans for Tax Reform, have criticized the USPS for its insistence on getting into markets already well-served by the private sector, and for using revenues from its monopoly mail service to cheat the market and offer below-market prices.

Congress is expected to consider the first major postal reform legislation since 1970 sometime this year.