



NEWS

AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

FOR IMMEDIATE RELEASE

CONTACT: Jonathan Collegio
David W. Kralik
202-785-0266

15 NOVEMBER 2001

Want Stimulus? Try a Sales Tax Holiday

stimulus.

WASHINGTON — Taxpayer advocate Grover Norquist, who heads Americans for Tax Reform (ATR), today gave testimony before the House Small Business Committee urging passage of a nationwide sales tax holiday to boost America's sagging economy.

A national sales tax holiday to kick off the Christmas shopping season would stimulate the economy by encouraging consumers to purchase goods, and will provide exactly the kind of immediate stimulus the weakened economy needs now. Eight states, including Florida, Pennsylvania, South Carolina and Texas, have recently implemented so-called "sales tax holidays." For a brief period, usually a week, states lift their sales taxes on some or all products. **The results are truly dramatic, boosting retail sales by 50 percent or more – and sometimes as much as tenfold.**

The proposal would allow states with a sales tax to temporarily abate the tax, as lost revenues would, in turn, be subsidized by the federal government. And states that currently do not employ a sales tax would receive different incentives to temporarily halt other taxes.

"The national sales tax holiday is a broadly bipartisan proposal," said Norquist in his testimony. "Support for the idea comes from all parties, all regions, all conceivable interests. And with excellent reason: **a national sales tax holiday would give the US economy the sort of jumpstart it needs, and at the best possible time.**"

Because sales taxes are inherently regressive, a sales tax holiday meets concerns of many about tax "fairness." Because the cut is temporary, it should satisfy fiscal conservatives. And because it directly affects the prices people pay for things they need, it will change consumer incentives and stimulate the economy.

"With the clock ticking and the US economy recovering yet wobbling, concerted action must be taken now," continued Norquist. **"That action must be taken at the federal level, and taken immediately, by passing the legislative framework that would make a nationwide (and simultaneous) sales tax holiday possible."**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.