



March 20, 2009

Arkansas House of Representatives

RE: Opposition to House Bill 1451

Dear Arkansas Legislators,

I write in strong opposition to House Bill 1451 that will drastically raise taxes on milk and other dairy products. By levying a 30-cent per hundredweight tax on dairy products at the wholesale level, this bill will raise the price of milk and dairy products for consumers at a time when families are already struggling to make ends meet.

The tax hike in HB 1451 has been inaccurately labeled as a “fee.” Too often, policymakers disguise tax increases as “fees” and this is another example of such disingenuousness. An income tax is not a fee on your job. A sales tax is not a fee on the products you buy. The same holds true for a tax on dairy products, whether it is levied at the wholesale or retail level.

If the overall goal is to assist dairy farmers, enacting policies that increase the price of dairy products, thereby reducing demand, does absolutely nothing to achieve this end. In fact, it does the exact opposite. Policies to help farmers should not pit sectors of the dairy industry against one another, and ultimately make consumers and all stakeholders worse off.

Make no mistake, the burden from this tax increase will be born by Arkansas consumers, not the wholesalers that this bill impugns. The tax will most assuredly be passed on to customers in the form of higher prices. What is worse, it will be levied at a time when Arkansas families are struggling to cope with the current economic downturn.

Furthermore, it is irreconcilable that the legislature would approve a measure to cut the state’s grocery tax to provide relief to Arkansas families, while simultaneously considering a bill to specifically tax milk and other dairy products.

For the reasons stated above, I urge you to oppose House Bill 1451. On the heels of a tax cut on groceries, any attempt to impose a tax on specific food products is counterproductive. If you have any questions, please contact Kelly Cobb or Patrick Gleason, state affairs managers, at (202) 785-0266.

Onward,

Grover Norquist  
President  
Americans for Tax Reform

722 12<sup>th</sup> Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202) 785-0266

F: (202) 785-0261

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