

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board
—in recent past or present

- AT&T Services, Inc.
 - centerpoint360
 - UPS
 - Bayer Corporation
 - GlaxoSmithKline
 - Energy Future Holdings
 - Johnson & Johnson
 - Coca-Cola Company
 - PhRMA
 - Kraft Foods, Inc.
 - Coca-Cola Co.
 - Pfizer Inc.
 - Reed Elsevier, Inc.
 - DIAGEO
 - Peabody Energy
 - Intuit, Inc.
 - Koch Industries, Inc.
 - ExxonMobil
 - Verizon
 - Reynolds American Inc.
 - Wal-Mart Stores, Inc.
 - Salt River Project
 - Allria Client Services, Inc.
 - American Bail Coalition
 - State Farm Insurance
- For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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Statement of Principles on Local Option Taxes

A growing trend in tax legislation has been the introduction of measures that authorize local governments to levy taxes on goods and services that heretofore have been the sole jurisdiction of state governments. Those measures are typically requested and supported by local government officials and outside advocacy groups who want to increase funding for a variety of programs. The vast majority of state constitutions (and/or statutes) reserve the right to assess excise taxes, for example, to the state legislatures. Many states also require state-wide uniformity in the application of sales and property taxes, which have the affect of creating a "level playing field" for all residents and business enterprises, regardless of the municipality in which they are located. Local governments and interest groups who propose to raise taxes on particular goods, services, or behaviors should bear the burden of proving that such measures meet stringent tests of equitable tax policy. Likewise, state legislators who support granting such local tax authority should recognize that they are, in truth, voting in favor of tax increases on their constituents and should take full responsibility for advocating such policies. Fundamental principles of equitable tax policy include the following:

- Fair: Any tax will be a burden on the person or persons forced to pay it. When raising revenue, however, government should ensure that no one is disproportionately burdened. Taxes for General Fund expenditures should be as broad-based as possible. Broad taxes, by definition, will not unduly burden one group of consumers, businesses, or citizens.
- Economically Sound: As John Marshall famously cited in McCulloch v. Maryland (1819) "the power to tax is the power to destroy." This axiom still rings true, as any tax will effectively reduce economic activity at some level via a loss of jobs, and an increase in tax evasion, or the movement of people, products, and producers to more tax-friendly areas. At all levels, taxes should be designed to minimize economic harm.
- Non-Distortionary: Taxes should be designed so that consumers and firms do not change their behavior to reduce their tax burden given the relative change of prices. To this point, localities should not be authorized to impose taxes that can be avoided by large portions of its citizens. A tax that is easily avoided is both inefficient and unfair to those who do pay it. For example, while statewide sales taxes can sometimes be avoided in border areas, many citizens will be able to bypass burdensome local taxes by making purchases outside city limits. Thus, excise taxes, targeted sales taxes, and other levies that are designed to impact narrow constituencies within the population make inefficient and inequitable municipal taxes.
- Simplicity: The tax system should be as simple as possible, and should minimize gratuitous complexity. The cost of tax compliance is a real cost to society, and complex taxes create perverse incentives to shelter and disguise legitimately earned income.
- Transparency: A good tax system requires informed taxpayers who understand how taxes are assessed, collected, and complied with. It should be clear to taxpayers who and what is being taxed, and how tax burdens affect them and the economy.
- Predictability: Tax law should not change continuously, and tax changes should be permanent and not temporary. Instability in the tax system makes long-term planning difficult, and increases uncertainty in the economy. Changes in tax law should not be retroactive. As a matter of fairness, taxpayers should rely with confidence on the law as it exists when contracts are signed and transactions are made.

Did you know that the Evergreen Freedom Foundation—which is connected to the Kochs—was the corporate co-chair in 2011?

About Us and ALEC EXPOSED. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECExposed.org. For more information contact: editor@prwatch.org or 608-260-9713.