A COMMISSION SURVEY

REVENUE SHARING AND TAXES:

...a survey of public attitude

Advisory Commission on Intergovernmental Relations

WASHINGTON, D.C. 20575 • AUGUST 1973

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FOREWORD

As part of its continuing research on fiscal federalism, the Advisory Commission on Intergovernmental Relations believes it is useful to determine public attitudes on major intergovernmental fiscal issues. To this end the Commission contracted with Opinion Research Corporation of Princetown, New Jersey to question the public about their preception of Federal aid policies and tax preferences.

This study was prepared by Will S. Myers and John Gambill of the Commission's Public Finance Staff under the direction of John Shannon, Assistant Director. All interpretations of the data are those of the Commission's staff.

Wm. R. MacDougall
Executive Director

Revenue Sharing and Taxes: A Survey of Public Attitudes

INTRODUCTION

Three major findings emerged from an appraisal of public opinion on revenue sharing and taxes conducted in May of this year.

1. By a large margin, the American public approves the present Federal revenue sharing program. Yet, the public also believes that Federal dollars are more efficiently used when directed to specific purposes rather than given to State and local governments to spend as they think best.

2. People feel that the Federal government gives the taxpayer the most for his tax dollars. The "most-favored" position of the Federal government relative to State and local governments is slightly less pronounced than it was the year before when ACIR asked the same question in a similar poll.

3. The Federal personal income tax and the local property tax are virtually tied as the least fair tax. This is a major change in results from a year ago when the local property tax was declared the most unfair tax by a wide margin.

REVENUE SHARING

The revenue sharing program was strongly supported by public opinion. Specifically, the question and national response were:

In addition to providing certain monies to State and local governments for specific purposes, the National government has begun a new form of Federal aid called revenue sharing. Under this new program, State and local governments will receive $5.5 billion this year to use as they think best. Do you favor or oppose this new revenue sharing form of Federal aid?

	Percent of Total U.S. Public
Favor	56
Oppose	18
No opinion	26

All categories of respondents exhibited this strong response in favor of revenue sharing. *(See Table 1.)*

FEDERAL DIRECTION VS. LOCAL DISCRETION

The research queried people about their attitude toward the principle of revenue sharing—the provision of Federal financial assistance to States and localities with no expenditure "strings" attached.

Specifically, the question and national response were:

When the Federal government gives funds to State and local governments, do you feel the money is used more efficiently when it is given out for specific purposes or when it is given out for the State and local governments to use as they think best?

	Percent of Total U.S. Public
For specific purposes	48
As they think best	30
No opinion	22

This preference for Federal "strings" over local discretion was exhibited by all categories of respondents. *(See Table 2.)*

LEVEL OF GOVERNMENT

More Americans feel that they receive more for their money from the Federal government than they do from State or local governments. Both last year and again in May of this year, the public was asked:

From which level of government do you feel you get the most for your money—Federal, State or local?

	Percent of Total U.S. Public	
	1973	1972
Federal	35	39
State	18	18
Local	25	26
Don't know	22	17

Most interestingly, while some diminution in public esteem for the Federal level did occur, this decline did not redound to the benefit of State and local governments—it merely increased the "Don't know" category. To put it in another way, a "bad press" for the Federal government does not appear to enhance the standing of State and local governments. *(See Table 3.)*

THE LEAST FAIR TAX

A remarkable shift appears to have occurred in public thinking about the "worst" tax. The research last year reported that the local property tax was by far the most unpopular of all the major revenue producers. This year it was almost a standoff between the Federal income tax and the local property tax when the respondents were asked to designate the "worst" tax. Also the State sales tax was mentioned more frequently as the worst tax in the current survey.

These findings emerged when the pollsters asked,

Which do you think is the worst tax—that is, the least fair?"

	Percent of Total U.S. Public	
	1973	1972
Federal income tax	30	19
State income tax	10	13
State sales tax	20	13
Local property tax	31	35
Don't know	11	11

This dramatic shift in public attitude may be more apparent than real. Last year the respondents were asked four tax preference questions *before* they were asked to respond to the "worst tax" question. *(See Appendix A.)* This year due both to the interest in federal revenue sharing and to budgetary constraints, the tax preference subject was limited to the "worst tax" question. Thus, the fact that this year the respondents were "hit cold" when asked their views on the "worst tax" may partially explain the significant differences on this issue in the results obtained by the 1972 and 1973 surveys. *(See Table 4.)*

To the extent that there has been an actual change in tax preferences, several factors may account for it. A year ago the property tax was being denounced by policy makers at all levels of government and judicial decisions had created the impression that the local property tax was ill-suited as a means of financing schools. At the time the second poll was taken the property tax was enjoying a somewhat better press. Moreover, in the course of the year, pressure on the local property tax has been reduced by the earmarking of Federal revenue sharing funds and state surpluses for new property tax relief programs.

DESCRIPTION OF POLL

This report is based on the findings of a personal interview research survey conducted among 2,023 men and women 18 years or over living in private households in the continental United States.

Interviewing for this survey was completed during the period May 12 through June 3, 1973, by members of the Opinion Research Corporation national interviewing staff. All interviews were conducted in the home of respondents.

The most advanced probability sampling techniques were used in the design and execution of the sample plan and the results, therefore, may be projected to the total U.S. population of men and women 18 years of age or over.

Only one interview was taken per household, regardless of the number of people 18 years of age or over in the household. Weights were introduced into the tabulations to ensure proper representation in the sample.

Appendix A
THE 1972 POLL

The following seven questions were asked in a survey completed during the period March 15 through April 8, 1972. The figures at right indicate the response as a percent of total U.S. public. Copies of the detailed 1972 poll results and analysis, *Public Opinion and Taxes*, are available upon request to the Advisory Commission on Intergovernmental Relations.

1. Suppose the Federal Government must raise taxes substantially, which of these do you think would be the best way to do it?

Collect a value-added tax (VAT), a form of national sales tax on things other than food and similar necessities	34
Raise individual income tax rates	10
Raise money by reducing special tax treatment for capital gains and cutting tax deduction allowances for charitable contributions, State and local taxes, medical expenses, etc.	40
Don't know	16

2. Which do you think would be the next best way?

Collect a value-added tax (VAT), a form of national sales tax on things other than food and similar necessities	29
Raise individual income tax rates	18
Raise money by reducing special tax treatment for capital gains and cutting tax deduction allowances for charitable contributions, State and local taxes, medical expenses, etc.	27
Don't know	26

3. Suppose your State government must raise taxes substantially, which of these do you think would be the best way to do it--State income tax, State sales tax, or State property tax?

State income tax	25
State sales tax	46
State property tax	14
Other	5
Don't know	10

4. Here is a list of the major types of taxes in the country today. Which do you think is fairest?

Federal income tax	36
State income tax	11
State sales tax	33
Local property tax	7
Don't know	13

5. Which do you think is the worst tax, that is, the least fair?

Federal income tax	19
State income tax	13
State sales tax	13
Local property tax	45

6. From which level of government do you feel you get the most for your money—Federal, State or Local?

Federal	39
State	18
Local	26
Don't know	47

7. Here are three statements about taxes. Which of the statements agrees most with your own thinking?

The Federal Government should start a value-added tax (a form of national sales tax) and use the money to help reduce local property taxes	32
The Federal Government should not start a value-added tax (a form of national sales tax) but should raise individual income taxes to help reduce local property taxes	14
The Federal Government should take neither of these actions to help reduce local property taxes	44
Don't know	10

Table 1

In Addition to Providing Certain Monies to State and Local Governments for Specific Purposes, the National Government has Begun a New Form of Federal Aid Called Revenue Sharing. Under This New Program, State and Local Governments Will Receive $5.5 Billion This Year to Use as They Think Best. Do You Favor or Oppose This New Revenue Sharing Form of Federal Aid

	Favor	Oppose	No Opinion
Total U.S. Public	56	18	26
Men	61	20	19
Women	50	17	33
18 – 29 Years of Age	59	17	24
30 – 39	60	19	21
40 – 49	59	20	21
50 – 59	56	19	25
60 Years or Over	45	16	39
Less Than High School Complete	49	17	34
High School Complete	56	19	25
Some College	67	19	14
Professional	72	18	10
Managerial	59	22	19
Clerical, Sales	61	17	22
Craftsman, Foreman	57	17	26
Other Manual, Service	55	20	25
Farmer, Farm Laborer	40	18	42
Non-Metro – Rural	52	16	32
Urban	52	23	25
Metro – 50,000 – 999,999	56	16	28
1,000,000 or Over	58	18	24
Northeast	62	14	24
North Central	50	24	26
South	56	14	30
West	54	23	23
Under $5,000 Family Income	44	14	42
$5,000 – $6,999	59	15	26
$7,000 – $9,999	54	20	26
$10,000 – $14,999	62	20	18
$15,000 or Over	62	21	17
White	58	18	24
Nonwhite	46	16	38
No Children in Household	53	18	29
With Children Under 18	59	18	23
With Teenagers 12 – 17	58	18	24
Own Home	56	19	25
Rent Home	55	16	29

Table 2

When the Federal Government Gives Funds to State and Local Governments, do You Feel the Money is Used More Efficiently When it is Given out for Specific Purposes or When it is Given out for the State and Local Gvernments to Use as They Think Best

1. For Specific Purposes
2. As They Think Best
3. No Opinion

	1.	2.	3.
Total U.S. Public	48	30	22
Men	50	32	18
Women	46	29	25
18 – 29 Years of Age	53	28	19
30 – 39	46	36	18
40 – 49	54	29	17
50 – 59	43	35	22
60 Years or Over	43	26	31
Less Than High School Complete	44	26	30
High School Complete	52	30	18
Some College	50	39	11
Professional	50	39	11
Managerial	56	31	13
Clerical, Sales	45	35	20
Craftsman, Foreman	49	31	20
Other Manual, Service	51	28	21
Farmer, Farm Laborer	45	27	28
Non-Metro – Rural	46	32	22
Urban	43	36	21
Metro – 50,000 – 999,999	45	33	22
1,000,000 or Over	53	25	22
Northeast	54	26	20
North Central	49	29	22
South	42	33	25
West	51	33	16
Under $5,000 Family Income	39	27	34
$5,000 – $6,999	47	31	22
$7,000 – $9,999	50	27	23
$10,000 – $14,999	55	31	14
$15,000 or Over	49	36	15
White	48	32	20
Nonwhite	51	19	30
No Children in Household	46	30	24
With Children Under 18	50	31	19
With Teenagers 12 – 17	48	32	20
Own Home	48	31	21
Rent Home	48	30	22

Table 3

From Which Level of Government do You Feel You Get the Most for Your Money – Federal, State, or Local

	1. Federal 2. State 3. Local 4. Don't Know May 1973				1. Federal 2. State 3. Local 4. Don't Know March 1972			
	1.	2.	3.	4.	1.	2.	3.	4.
Total U.S. Public	35	18	25	22	39	18	26	17
Men	37	20	26	17	43	17	28	12
Women	33	17	24	26	37	18	24	21
18 – 29 Years of Age	38	21	23	18	40	23	24	13
30 – 39	33	20	26	21	41	19	23	17
40 – 49	35	20	26	19	39	15	30	16
50 – 59	31	17	31	21	35	16	32	17
60 Years or Over	37	14	19	30	41	14	22	23
Less Than High School Complete	37	16	19	28	38	17	23	22
High School Complete	35	20	27	18	41	19	27	13
Some College	34	21	30	15	38	19	30	13
Professional	30	22	37	11	43	19	25	13
Managerial	34	19	30	17	34	22	32	12
Clerical, Sales	34	17	28	21	41	18	26	15
Craftsman, Foreman	33	21	27	19	37	21	26	16
Other Manual, Service	37	18	22	23	41	15	25	19
Farmer, Farm Laborer	23	28	20	29	40	14	27	19
Non-Metro – Rural	35	20	21	24	33	20	26	21
Urban	35	19	28	18	37	20	27	16
Metro – 50,000 – 999,999	34	18	26	22	37	20	29	14
1,000,000 or Over	37	18	23	22	44	15	23	18
Northeast	34	16	28	22	43	12	24	21
North Central	37	16	26	21	38	21	29	12
South	37	19	21	23	36	19	27	18
West	30	25	26	19	42	21	21	16
Under $5,000 Family Income	37	15	26	32	42	18	19	21
$5,000 – $6,999	38	20	18	24	48	17	19	16
$7,000 – $9,999	35	18	23	24	37	19	29	15
$10,000 – $14,999	35	22	29	14	36	16	31	17
$15,000 or Over	33	18	33	16	39	20	29	12
White	35	19	27	19	38	19	26	17
Nonwhite	40	16	11	33	52	10	20	18
No Children in Household	35	18	23	24	39	17	25	19
With Children Under 18	35	19	26	20	40	19	26	15
With Teenagers 12 – 17	35	18	25	22	38	18	28	16
Own Home	34	17	28	21	38	18	28	16
Rent Home	36	22	19	23	43	19	20	18

Table 4

Here is a List of the Major Types of Taxes in the Country Today. Which do You Think is the Worst Tax – That is, the Least Fair

	May 1973					March 1972				
	1. Federal Income Tax	2. State Income Tax	3. State Sales Tax	4. Local Property Tax	5. Don't Know	1. Federal Income Tax	2. State Income Tax	3. State Sales Tax	4. Local Property Tax	5. Don't Know
Total U.S. Public	30	10	20	31	11	19	13	13	45	11
Men	30	9	19	34	9	19	11	15	44	11
Women	30	11	20	28	12	18	14	12	45	12
18 – 29 Years of Age	31	12	21	28	9	22	13	15	41	9
30 – 39	33	9	19	31	8	22	16	15	40	10
49 – 49	29	11	19	32	11	19	12	12	46	11
50 – 59	36	12	16	29	8	17	14	14	45	11
60 Years or Over	21	7	22	34	17	13	9	10	51	17
Less Than High School Complete	27	7	21	30	15	17	11	13	43	16
High School Complete	34	12	19	29	8	21	14	12	46	8
Some College	28	13	18	34	7	19	13	17	45	8
Professional	29	11	20	35	5	13	16	17	48	9
Managerial	37	11	16	31	5	25	12	16	41	6
Clerical, Sales	32	15	15	30	8	23	13	13	42	9
Craftsman, Foreman	34	12	14	32	9	21	15	15	41	9
Other Manual, Service	32	10	24	27	10	20	13	11	43	14
Farmer, Farm Laborer	27	9	14	27	23	16	13	5	51	16
Non-Metro – Rural	32	6	17	30	15	26	9	6	41	19
Urban	31	10	20	31	9	25	7	15	41	12
Metro – 50,000 – 999,999	28	13	22	28	10	18	15	14	47	7
1,000,000 or Over	31	9	19	33	10	15	13	14	45	13
Northeast	29	12	23	28	9	13	16	20	38	13
North Central	27	9	20	36	10	16	11	9	56	10
South	30	11	20	25	14	26	12	13	34	16
West	35	8	13	36	8	18	12	11	54	5
Under $5,000 Family Income	23	5	22	28	21	16	9	13	48	15
$5,000 – $6,999	26	9	26	28	12	18	11	14	44	13
$7,000 – $9,999	35	12	19	29	8	21	15	13	41	12
$10,000 – $14,999	30	13	18	33	7	22	15	14	41	8
$15,000 or Over	34	10	16	35	6	19	13	14	46	8
White	30	11	19	31	10	20	12	13	45	11
Nonwhite	26	7	26	26	18	12	16	16	39	18
No Children in Household	28	9	20	32	12	18	11	12	46	13
With Children Under 18	32	11	19	29	10	19	14	15	43	10
With Teenagers 12 – 17	31	11	20	28	10	19	15	13	45	10
Own Home	28	12	18	35	9	19	12	12	47	11
Rent Home	33	7	24	23	14	19	14	15	40	12

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Of the 26 Commission members, nine represent the Federal government, 14 represent State and local governments and three represent the general public. Twenty members are appointed by the President. He names three private citizens and three Federal executive officials directly and selects four governors, three State legislators, four mayors and three elected county officials from slates nominated, respectively, by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The other six are Members of Congress—three Senators appointed by the President of the Senate and three Representatives appointed by the Speaker of the House. Commission members serve two-year terms and may be reappointed. The Commission names an Executive Director who heads the small professional staff.

After selecting specific intergovernmental issues for investigation, ACIR follows a multi-step procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts and interested groups. The Commission then debates each issue and formulates its policy positions. Commission findings and recommendations are published and draft bills and executive orders are developed to assist in implementing ACIR policies.