



April 18, 2007

**Statement of Kristina Rasmussen, NTU Senior Government Affairs Manager,  
Submitted to the Ways and Means Committee, Texas House of Representatives,  
Regarding HJR 49**

Chairman Keffer and Members of the Committee, my name is Kristina Rasmussen. I am the Senior Government Affairs Manager of the National Taxpayers Union (NTU), a grassroots lobbying organization of taxpayers with 362,000 members nationwide, including 22,900 in Texas. I encourage you to find out more about NTU – and our educational affiliate, the National Taxpayers Union Foundation – on our website: [www.ntu.org](http://www.ntu.org).

I offer this testimony in support of Representative Hubert Vo's constitutional amendment (HJR 49) to prohibit taxation on the sale or use of certain food, drinks, and medicine. Essentially, the amendment would prevent the imposition of a state use or sales tax upon any such products that were not already subject to taxation prior to January 1, 2007. NTU strongly believes this prohibition would safeguard critical consumer goods from future efforts squeeze more revenue out of taxpayers.

As spending appetites and state budgets have grown, the hunt for additional revenue sources has taken on a new fervor. Many states are starting to levy special fees on top of existing sales taxes (e.g., Minnesota), and services that were left untouched are now facing the possibility of use taxes (e.g., Michigan). At one point in time, it would have been easier to list what products *are* taxable, but now it would probably take less effort to identify what *isn't* taxed. That's why Representative Vo's amendment is so important – it draws a clear line in the sand to protect consumers from new taxes on food, beverages, and medicine that is not currently taxable. There's no equivocation on how much or how many times these products can be taxed, or even what the taxes should be called. It simply says "no new taxes" and backs up those words with the power of the Texas State Constitution.

Ratification of HJR 49 would benefit all Texans, but preventing new sales taxes on basic necessities would particularly help lower-income families keep more of their own money. Sales taxes are regressive in nature, as households on the lower end of the scale spend proportionately more of their money on paying sales tax than those with higher incomes. Many states who levy taxes on food (e.g., Arkansas) have been reducing these taxes for precisely this reason.

While NTU supports efforts to stop new taxes from spreading to previously untouched products, it is important to note that the Legislature must be vigilant in its efforts to lower or eliminate existing sales and use taxes. Most people would consider food, drink, and medicine to rank among the most basic of human wants, yet one could easily add clothing and shelter into the mix. Even so, clothing and building materials are subject to sales taxes, as are many other goods that are fundamental to the average Texan's well-being. Using tax policy to favor certain products over others can create unintended price distortions that can ultimately hurt consumers, which is why we would urge you to keep all taxes as low.

Food, drink, and medicine are hardly luxuries, and Texas would be making a bold and taxpayer-friendly move by keeping new taxes away from these items for good. NTU urges enactment of HJR 49 and asks that Members of the Committee support the resolution.