

Instead of Tax “Holidays,” How About Real Tax Cuts?

Writing at the Florida Politics blog, A.G. Gancarski reports on three sales tax “holiday” bills working their way through the state’s legislature. Two of the bills would lengthen existing holidays on school supplies and storm preparedness products. The third would expand the holiday habit to hunting and fishing items.

According to the Sales Tax Institute, at least 16 states have sales tax holidays scheduled this year on goods ranging from clothing to school supplies to generators to guns.

I’m all for lower taxes, but tax holidays aren’t about lower taxes. They’re about three things: Social engineering, political grandstanding, and special interest pandering.

Social engineering entails using the tax code to encourage some particular spending versus other kinds of spending.

If I offer a tax deduction for contributions to your favorite church, but not for payments to your favorite liquor store, I’m trying to encourage you to go to church and/or discourage you from boozing. Requiring you to pay sales tax on a lawn mower, a container of motor oil, or a bottle of Vitamin C no matter when you buy them, but not on a pack of ball-point pens, an emergency generator, or an AR-15 if you buy them between Date X and Date Y, has the same effect.

The politicians grandstanding on these holiday proposals are hoping you’ll notice, and credit them for, the small tax breaks on a few things at particular times — and not think to ask why everything else is taxed all the time. They’re trying to buy your vote, but they don’t want to pay full price for it.

And it should come as no surprise that the biggest supporters of tax holidays on Product X (and likely the biggest campaign contributors to politicians proposing those holidays) are the makers and sellers of Product X.

If the legislators proposing these tax holidays were serious about cutting taxes, they’d propose reducing tax rates on everything, all the time, not on a few things now and then. That would be good for all taxpayers, including lower-income citizens who don’t have as much discretionary income to waste on the politically favored item of the week.

Florida’s general state sales tax rate is 6%. Instead of reducing it to 0% for laptops this week and storm windows next week and ammunition the week after that, I’d like to see my state’s holiday-happy politicians propose cutting the general rate to 5% on everything, year-round.