



RESURGENT REPUBLIC

MEMORANDUM

TO: Interested Parties

FROM: Ed Gillespie, Whit Ayres and Glen Bolger

DATE: July 26, 2010

RE: Voters In Toss-Up Senate States Overwhelmingly Oppose Scheduled Tax Increases, "Lame Duck" Session of Congress

Voters in the dozen states with 2010 U.S. Senate races designated as "toss-ups" by the Cook Political Report overwhelmingly oppose tax increases scheduled to take effect on January 1, 2011, and do not believe members of Congress should address important legislation in a lame duck session of Congress after the November elections. These dozen states – Arkansas, California, Colorado, Florida, Illinois, Kentucky, Missouri, New Hampshire, Nevada, Ohio, Pennsylvania, and Washington – are very likely to determine which party controls the U.S. Senate in 2011.

Tax Increases

On January 1, 2011, the largest tax increase in the nation’s history will go into effect unless Congress acts to prevent it, but the Democratic Congressional leadership has yet to schedule legislation to stop the tax hikes. This survey indicates that these imminent tax increases could be a significant factor in toss-up Senate elections.

Somewhat surprisingly, only a little over half of all voters (54 percent) are aware of the looming tax increases. There is an interesting partisan divide in the awareness, however: 70 percent of Republican voters in these states and 57 percent of Independents have heard about the impending tax increases, compared to only 38 percent of Democrats. Regardless of whether they have heard about the impending increases, a majority of these voters opposes each of the seven tax increases tested, with the margin of opposition at two-to-one or greater for five of the seven:

	<i>Support</i>	<i>Oppose</i>
Raising taxes on married couples so that they will pay more than they would if they were single.	10%	87%
Raising the tax rate on income from dividends or interest from 15 to 39.6 percent.	18%	79%
Reducing the tax credit for people with children from \$1,000 to \$500 per child.	22%	74%

	<i>Support</i>	<i>Oppose</i>
Raising income tax rates on all wage earners. Rates on the lowest wage earners would go from 10 to 15 percent, and rates on the highest wage earners would go from 35 to 39.6 percent.	23%	73%
Raising the estate tax on people who die from zero to 55 percent on estates worth over one million dollars.	32%	63%
Raising the tax rate on capital gains when an investment is sold for more than its purchase price from 15 to 20 percent.	36%	61%
Increasing the number of families paying the alternative minimum tax from 4 million to 28 million families.	31%	50%

Among the partisan groups, a majority of Republicans and Independents opposes all seven of these tax increases, compared to Democrats who support raising the capital gains tax (56 to 41 percent), the “death tax” (50 to 46 percent) and split on the alternative minimum tax (40 to 40 percent). Failure to extend all the tax relief slated to expire will once again put Democrats at odds with Independent voters.

If the Democrats who control Congress do not stop or delay these scheduled tax increases before the November election, 55 percent of the voters in these states would be less likely to vote for Democratic candidates for the House or Senate, including 57 percent of Independents.

Widespread opposition to tax increases is grounded in the perception that the federal deficit is driven by too much spending rather than too little revenue. The survey posed two alternative statements:

We need more tax revenue as well as spending cuts to reduce the federal deficit. We will never get the deficit under control unless we make the difficult but necessary decision to raise taxes.

Our federal deficit is a result of too much spending in Washington, not too little tax revenue. Instead of raising taxes on anyone, Congress should make the difficult but necessary decisions to get spending under control.

These voters prefer the second statement over the first by 73 to 24 percent, with a majority of all three partisan groups believing that the deficit is primarily a spending rather than a revenue problem. The debate over whether additional tax revenue is needed to address record deficits might still be alive in Washington, but it is already settled with voters.

"Lame Duck" Congressional Session

Voters in these toss-up Senate states believe it is a bad idea to pass major legislation in a lame duck session of Congress. Three-fourths of Republicans and two-thirds of both Independents and Democrats agree that "a lame duck session of Congress is a bad idea. Members of Congress should cast votes on important bills before facing the voters, not wait until after an election to cast those votes." Only a quarter of these voters agree that "a lame duck session of Congress is a good idea. It allows Congress to address those issues it did not have time for before the election, and those issues can be addressed without the pressure of an impending election."

A majority of voters in these states believes that if Congress does not vote on tax increases, card check, cap-and-trade legislation or immigration reform before the November elections it is because Democrats are afraid their positions will be unpopular with voters, not because they think Republicans are obstructing the political process. The critical swing group of Independents blames any failure to address these issues on Democratic fears rather than Republican obstruction by 57 to 32 percent.

Should Congress not address critical issues before the election, voters in these states think Congress should wait until the new Congress is seated in January if they are to be brought up after the elections. A majority of voters in each partisan group thinks "these are important issues that will have long-lasting effects, and if they're not voted on before the November elections we should wait until the newly-elected Congress meets. The will of the people as expressed in the election should be reflected in those policy decisions." Independents think consideration should be postponed until the new Congress by a margin of 60 to 35 percent.

An overwhelming majority of each partisan group would be less likely to vote for their member of Congress if he or she refused to rule out voting on important issues like tax increases, immigration reform, cap-and-trade legislation or card check in a lame duck session of Congress. By a margin of 63 to 19 percent, voters in toss-up Senate states would be less likely to vote for a member of Congress who refused to rule out taking these issues up in a lame duck session, including 69 to 19 percent among Republicans, 63 to 19 percent among Independents, and 59 to 21 percent among Democrats.

Message Recommendations

The data point to the importance of the following messages:

1. Elevate voter awareness that the largest tax increase in history will go into effect on January 1, 2011 in absence of Congressional action.
2. Members of Congress should act to stop or delay the imminent tax increases before facing voters in November.
3. The record Federal deficits and debt are caused by reckless, out-of-control spending. Instead of raising taxes on anyone, Congress should make the difficult but necessary decisions to get spending under control.

4. Members of Congress should address key legislation before facing voters in November, and pledge that they will not try to pass controversial legislation in a lame duck session of Congress after the election.
5. The majority in Congress should not try to pass legislation in a lame duck session of Congress that they were afraid to pass before the elections because of their unpopularity.

Conclusion

Speaker Pelosi only last week refused to rule out a lame duck session of Congress to consider controversial legislation, seeking to set up Republicans for blame if they do, citing obstructionism. She is cutting against the grain of public opinion in key swing states, and Republicans should reinforce voter wariness of a possible lame duck session of Congress.

Yesterday, Treasury Secretary Geithner rejected extending all of the tax relief measures saying, “I don’t believe it should and I don’t believe it will.” If Democrats enact only targeted tax relief (i.e., marriage penalty, child tax credit, 10% bracket only) they will be opposed by the vast majority of Independents on the tax cuts they do not extend, while making clear not only whose taxes will remain at current levels but also whose will be going up. Yet, failing to enact any tax relief before adjourning for the November elections will make voters less likely to vote for Democrats.

All incumbents in both parties seeking re-election should be asked if they will pledge not to vote for controversial bills like tax increases, cap-and-trade legislation, card check or immigration reform in a lame duck session of Congress after the elections. Democrats who do so will make it harder for the current majority to pass these unpopular policies (and will make clear to liberal voters that any secret plan to do so is not viable). If they do not make that pledge, their voters will be able to cast an informed vote on their incumbent representative or senator in November.

Methodology

This survey consists of 1000 likely voters equally distributed among the twelve states listed by the Cook Political Report as "toss ups": Arkansas, California, Colorado, Florida, Illinois, Kentucky, Missouri, New Hampshire, Nevada, Ohio, Pennsylvania, and Washington. All calls were conducted from July 17 to 20, 2010. Respondents were selected randomly in each state from a random-digit-dialing sample, including 150 interviews by cell phone and 850 interviews by landlines. All respondents confirmed that they are registered to vote in the county in which they live, and that they are absolutely certain, very likely, or somewhat likely to vote in the November elections.

The margins of error for responses with an even split – 50 percent for one response and 50 percent for another response – is ± 3.10 percent for the full sample, ± 5.66 percent for Republicans, ± 5.17 percent for Independents, and ± 5.39 percent for Democrats. The margin of error is smaller when one response receives a higher level of support. For example, the margin of error is ± 2.68 percent when 75 percent of respondents in the full sample choose one response and 25 percent choose another response.

The survey was conducted jointly by Ayres, McHenry & Associates and Public Opinion Strategies for Resurgent Republic.