

# CRS Report for Congress

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## Tax Issues: National Public Opinion

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## **ABSTRACT**

This report provides a sample of public opinion questions concerning the current tax system, the Internal Revenue Service, and proposals for tax reform. It will be updated as new poll results become available. The report is for the use of Members as they consider legislation currently before the 105<sup>th</sup> Congress.

# Tax Issues: National Public Opinion

## Summary

Public opinion surveys conducted in the last 13 months have asked respondents about such tax issues as the current tax system, the Internal Revenue Service (IRS), and proposals for tax reform. Eleven tax bills are currently before the 105<sup>th</sup> Congress: H.R. 853, H.R. 1040, H.R. 2001, H.R. 2685, H.R. 2971, H.R. 3097, H.R. 3620, S. 593, S. 1040, S. 1555, and S. 1673. The House intends to begin consideration of H.R. 3097 during the week of June 15<sup>th</sup>, 1998.

Many of the surveys asked about tax fairness. In a November 1997 survey, a majority of respondents (54%) said they believed that most Americans pay their fair share in taxes, while 43% believed that most do not pay their fair share. Responses to a related question in a different survey showed that 49% of those polled felt they pay more than their fair share in taxes, 2% felt they pay less than their fair share, and 47% believed the amount they pay is about right. In an April 1998 survey, 67% of those polled believed the federal tax code is "too complex," while 28% disagreed.

On the issue of tax reform, respondents were asked in a February 1998 survey whether they prefer a flat tax or a progressive tax. Forty-seven percent preferred "the traditional progressive tax system" and 43% favored a flat tax. A similar question from an October 1997 poll asked respondents to identify which plan for collecting federal taxes they preferred: 46% of respondents favored a flat-rate income tax with no deductions, 25% preferred the current system, 16% favored a national sales tax, and 13% answered "not sure." Two related questions from a CNN/USA Today poll asked whether respondents would support or oppose eliminating deductions for charitable contributions and for home mortgage interest in order to establish a flat tax. Fifty-three percent opposed eliminating the deduction for charitable contributions, while 43% favored the proposal. Fifty-four percent opposed eliminating the mortgage interest deduction and 42% favored its elimination to establish a flat tax.

The Internal Revenue Service received mixed reviews in opinion surveys. In an October 1997 poll that asked whether respondents had a favorable or unfavorable opinion of the job the IRS is doing, 66% answered "unfavorable" and 20% answered "favorable." A March 1997 poll found that 59% thought the IRS was doing a "good job," 10% believed the agency was doing a "very good job," 18% said the agency was doing a "poor job," and 7% answered "very poor job."

A number of polls included questions about tax issues in relation to the federal budget. In answer to a question about how surplus money in the budget should be used, 37% of respondents said it should be used to strengthen the Social Security fund, 28% suggested it be used to increase funding for education, 17% answered that it should be used to reduce the national debt, 12% answered "reduce taxes," and 1% said it should go to another social program. A September 1997 poll asked whether respondents preferred a budget that reduced taxes more or one that makes smaller reductions in programs, even if it meant taxes could not be reduced as much: 61% answered that they preferred smaller reductions in programs, while 32% said they wanted a budget that reduced taxes more.

## Contents

General Attitudes About Taxes and Tax Issues . . . . .	2
Tax Complexity and Tax Reform . . . . .	6
Internal Revenue Service . . . . .	10
Budget Issues . . . . .	12

## List of Tables

Table 1. Do Most Americans Pay Their Fair Share in Taxes? . . . . .	2
Table 2. How Would You Feel if You Heard Someone Had Not Paid All the Taxes They Owed? . . . . .	2
Table 3. Do You Think Most People Cheat on Their Federal Income Taxes? . . . . .	3
Table 4. Do You Feel You Pay More Than Your Fair Share in Federal Income Taxes? . . . . .	3
Table 5. Which Form of Taxation Do You Dislike Most? . . . . .	4
Table 6. Which Party Is Better at Holding Taxes Down? . . . . .	4
Table 7. Is the Republican Party's Approach on Taxes and Spending in the Mainstream? . . . . .	5
Table 8. Is the Democratic Party's Approach on Taxes and Spending in the Mainstream? . . . . .	5
Table 9. Who Does Your Taxes? . . . . .	6
Table 10. Is the Tax Code Too Complex? . . . . .	6
Table 11. Which Would Be More Challenging—Filling Out Your Tax Return or Setting Up Your Personal Computer? . . . . .	7
Table 12. Do You Favor Eliminating All Income Taxes and Establishing a National Sales Tax? . . . . .	7
Table 13. Do You Favor a Flat Tax or a Progressive Tax System? . . . . .	8
Table 14. Do You Favor a National Sales Tax, a Flat Rate Income Tax, or the Current Tax System? . . . . .	8
Table 15. Would You Support Eliminating the Deduction for Charitable Contributions in Order to Establish a Flat Tax? . . . . .	9
Table 16. Would You Support Eliminating the Deduction for Home Mortgage Interest in Order to Establish a Flat Tax? . . . . .	9
Table 17. What Kind of Tax Cut Do You Favor—Cutting Income or Social Security Taxes? . . . . .	10
Table 18. Do You Have a Favorable or Unfavorable View of the IRS? . . . . .	10
Table 19. What Kind of Job Do You Think the IRS Is Doing? . . . . .	11
Table 20. Would You Favor or Oppose Abolishing the IRS and Establishing a New Tax Agency? . . . . .	11
Table 21. Does the IRS Have Too Much Power? . . . . .	12
Table 22. Which of the Following Issues Needs the Greatest Attention from the Federal Government? . . . . .	12
Table 23. Would You Prefer a Budget That Reduces Taxes More or One That Makes Smaller Reductions in Programs? . . . . .	13

Table 24. How Should Surplus Money in the Budget Be Used? . . . . .	13
Table 25. What Should Be the Top Priority for Any Surplus Money in the Budget? . . . . .	14
Table 26. What Should the Government Do with a Budget Surplus? . . . . .	14

# Tax Issues: National Public Opinion

This report summarizes public opinion on the Internal Revenue Service (IRS) and a variety of tax and budget issues, based on responses to a selected sample of opinion polls taken since March 1997. The report is divided into four sections. The first section includes polling questions on general attitudes about taxes and tax-related issues. The second section includes questions on tax complexity and tax reform. The third section includes questions about the Internal Revenue Service, and the fourth section includes questions on the federal budget issues.

## Public Opinion Polls

Public opinion polls are conducted on most important public policy issues, and the results are routinely reported and analyzed in the media. Most polls are limited to presenting respondents' beliefs and attitudes at a fixed point in time (when the poll was conducted), and they necessarily rely on a method that formulates often complicated concepts and issues as questions that can be posed to those being interviewed. Despite these limitations, public opinion polls provide insight into public perceptions of important issues and may help those who consult them to frame issues and consider how much public support exists for various ideas and solutions.

The polls cited in this report, like all public opinion polls, are subject to possible bias or error for a variety of reasons having to do with design or execution. Among some of the most common types of error are: coverage errors, sampling error, measurement error, specification error, and non-response error. *Coverage errors* result when the sample does not represent the population it seeks to represent, because segments of the population were left out of the sample or were included in the sample but should not have been. A poll that intends to represent the views of the electorate (eligible voters), but that includes ineligible voters in the sample, would contain coverage error. *Sampling error*, commonly referred to as a "margin of error," is introduced because the sample represents only a fraction of the population studied. It is the potential difference, calculated mathematically, between the result from the sample and the result that would occur if the entire population were surveyed. *Measurement error* occurs when the question is not properly devised and, as a consequence, does not measure what it purportedly seeks to measure. *Non-response error* occurs when a sizeable portion of the sample does not participate in the survey. The views of this segment of the population cannot be represented in the results of the poll.<sup>1</sup>

The survey questions included in this report have been drawn from the database of the Roper Center for Public Opinion Research at the University of Connecticut. The Roper Center's Public Opinion Online (POLL) database contains 250,000 records

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<sup>1</sup> For a more detailed explanation of potential error in surveys, see Robert M. Groves, *Survey Errors and Survey Costs* (New York: John Wiley & Sons, 1989).

from surveys conducted since 1936. It is updated bi-weekly and includes surveys by Gallup, Harris, Roper, Hart, Teeter, Yankelovich, Market Opinion Research, Associated Press, Research & Forecasts Opinion Research Corporation, National Opinion Research Center, ABC, CBS, NBC, CNN, *The New York Times*, *The Washington Post*, *The Wall Street Journal*, *USA Today*, *Los Angeles Times*, *Newsweek*, *Time*, and *U.S. News and World Report*.

Survey research data is available on a wide variety of public policy topics. Members of Congress or congressional staff who require a detailed search on a specific topic should contact CRS for further assistance.

## General Attitudes About Taxes and Tax Issues

**Table 1. Do Most Americans Pay Their Fair Share in Taxes?**

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"Under the current tax system, do you think most Americans pay their fair share in taxes, or do most Americans not pay their fair share?"

Yes, most pay fair share	54%
No, most do not	43
No opinion	3

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Gallup Organization for the Cable News Network and *USA Today*. [The results are based on a telephone poll of 1,019 adults nationwide between Nov. 21 and 23, 1997.]

**Table 2. How Would You Feel if You Heard Someone Had Not Paid All the Taxes They Owed?**

---

"How would you feel if you heard that someone had not paid all the income taxes they owed? Would you be very upset, just annoyed, would you approve, or wouldn't you care?"

Very upset	31%
Just annoyed	45
Would approve	2
Wouldn't care	20
Don't know/refused	2

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Princeton Survey Research Associates for Pew Research Center. [The results are based on a telephone poll of 1,762 adults nationwide between Sept. 25 and Oct. 31, 1997.]

**Table 3. Do You Think Most People Cheat on  
Their Federal Income Taxes?**

---

"From what you know, do you think most people cheat on their federal income taxes, or don't you feel that way?"

Yes, most people cheat	38%
No, don't feel that way	50
Not sure	12

---

Yankelovich Partners Inc. poll for *Time/CNN*. [The results are based on a telephone poll of 1,018 adults nationwide on March 11 and 12, 1997.]

**Table 4. Do You Feel You Pay More Than Your  
Fair Share in Federal Income Taxes?**

---

"Do you feel you pay more than your fair share in federal income taxes, less than your fair share, or is the amount you pay about right?"

More than fair share	49%
Less than fair share	2
About right	47
Don't know/no answer	2

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CBS News Poll. [The results are based on a telephone poll of 1,347 adults nationwide between April 2 and 5, 1997.]



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**Table 5. Which Form of Taxation Do You Dislike Most?**

"Which of the following forms of taxation do you dislike the most—income taxes, sales taxes, property taxes, or estate taxes?"

Income taxes	22%
Sales taxes	11
Property taxes	11
Estate taxes	7
Capital gains tax (volunteered)	10
Hate all taxes (volunteered)	31
Not sure	8

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Zogby International Poll. [The results are based on a telephone poll of 948 likely voters nationwide in February 1998.]

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**Table 6. Which Party Is Better at Holding Taxes Down?**

"Which political party, the Democrats or the Republicans, do you trust to do a better job on—holding taxes down?"

Democrats	45%
Republicans	44
Both (volunteered)	2
Neither (volunteered)	6
No opinion	2

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Yankelovich Partners Inc. poll for *Time/CNN*. [The results are based on a telephone poll of 1,011 adults nationwide between April 8 and 10, 1998.]

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**Table 7. Is the Republican Party's Approach on Taxes and Spending in the Mainstream?**

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"When it comes to its approach on fiscal issues, such as taxes and spending, would you describe the Republican Party's position on these issues as generally being in the broad mainstream, or is its position outside the mainstream?"

In the mainstream	47%
Outside the mainstream	39
In between/depends	4
Not sure	10

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Hart and Teeter Research Companies for the *Wall Street Journal*. [The results are based on a telephone poll of 2,004 adults nationwide between Sept. 11 and 15, 1997.]

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**Table 8. Is the Democratic Party's Approach on Taxes and Spending in the Mainstream?**

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"When it comes to its approach on fiscal issues, such as taxes and spending, would you describe the Democratic Party's position on these issues as generally being in the broad mainstream, or is its position outside the mainstream?"

In the mainstream	48%
Outside the mainstream	38
In between/depends	5
Not sure	9

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Hart and Teeter Research Companies for the *Wall Street Journal*. [The results are based on a telephone poll of 2,004 adults nationwide between Sept. 11 and 15, 1997.]

## Tax Complexity and Tax Reform

**Table 9. Who Does Your Taxes?**

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"Do you do your own taxes, does someone do your taxes for you without cost, or do you pay someone to do your taxes?"

Do own taxes	32%
Some else without cost	14
Pay someone	51
Not sure	3

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Yankelovich Partners, Inc. poll for *Time/CNN*. [The results are based on a telephone poll of 1,018 adults nationwide on March 11 and 12, 1997.]

**Table 10. Is the Tax Code Too Complex?**

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"In your view, is the tax code for federal income taxes too complex, or don't you feel that way?"

Too complex	67%
No, don't feel that way	28
Not sure	5

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Yankelovich Partners, Inc. poll for *Time/CNN*. [The results are based on a telephone poll of 1,011 adults nationwide between April 8 and 10, 1998.]

**Table 11. Which Would Be More Challenging—Filling Out Your Tax Return or Setting Up Your Personal Computer?**

"For you personally, which would be more challenging: filling out your own federal tax return, or setting up your own personal computer?"

Filling out tax return	34%
Setting up own personal computer	49
Both	6
Neither	8
Don't know/refused	2

Luntz Research Company for Merrill Lynch. [The results are based on a telephone survey of 1,000 adults nationally and 444 likely technology users in September 1997.]

**Table 12. Do You Favor Eliminating All Income Taxes and Establishing a National Sales Tax?**

"What is your reaction to a proposal to eliminate all federal income and payroll taxes and replace them with a new national sales tax of twenty-three percent? Is this something you strongly favor, somewhat favor, somewhat oppose, or strongly oppose?"

Strongly favor	10%
Somewhat favor	23
Somewhat oppose	22
Strongly oppose	32
Not sure	13

Hart and Teeter Research Companies for the *Wall Street Journal*. [The results are based on a telephone poll of 1,005 adults nationwide between Jan. 17 and 19, 1998.]

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**Table 13. Do You Favor a Flat Tax or a Progressive Tax System?**

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"Please tell me which of the following two statements comes closest to your opinion about income taxes. I prefer a flat tax where everyone would pay the same tax rate. This would be a fairer and simpler system. I prefer the traditional progressive tax system in which people with higher incomes pay at a higher rate. This helps insure that those best able to pay will pay more."

Flat tax	43%
Progressive tax	47
Neither	7
Not sure	3

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Zogby International Poll. [The results are based on a telephone poll of 948 likely voters nationwide in February 1998.]

**Table 14. Do You Favor a National Sales Tax, a Flat Rate Income Tax, or the Current Tax System?**

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"If you could choose one plan to collect all federal taxes, which federal tax plan would you prefer...a national sales tax, a flat rate income tax with no deduction, or the current graduated income tax with deductions?"

National sales tax	16%
Flat-rate income tax with no deduction	46
Current graduated income tax with deductions	25
Not sure	13

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Fox News/Opinion Dynamics Poll. [The results are based on a telephone survey of 902 registered voters nationwide on Oct. 1 and 2, 1997.]

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**Table 15. Would You Support Eliminating the Deduction for Charitable Contributions in Order to Establish a Flat Tax?**

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"A tax system in which all Americans pay the same percentage of their income in taxes is often referred to as a flat tax. In order to have a flat tax system, would you favor or oppose eliminating each of the following deductions from the federal tax code—the deduction for contributions to charities and religious institutions?"

Favor	43%
Oppose	53
No opinion	4

---

Gallup Organization for the CNN and *USA Today*. [The results are based on a telephone poll of 1,004 adults nationwide between Nov. 21 and 23, 1997.]

**Table 16. Would You Support Eliminating the Deduction for Home Mortgage Interest in Order to Establish a Flat Tax?**

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"A tax system in which all Americans pay the same percentage of their income in taxes is often referred to as a flat tax. In order to have a flat tax system, would you favor or oppose eliminating each of the following deductions from the federal tax code—the deduction on interest for home mortgages?"

Favor	42%
Oppose	54
No opinion	4

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Gallup Organization for the Cable News Network and *USA Today*. [The results are based on a telephone poll of 1,004 adults nationwide between Nov. 21 and 23, 1998.]

**Table 17. What Kind of Tax Cut Do You Favor—Cutting Income or Social Security Taxes?**

"If the decision were made to cut taxes this year, would you prefer to reduce income tax rates for all taxpayers or to reduce Social Security and Medicare payroll taxes?"

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Reduce income tax for all	64%
Reduce Social Security/Medicare payroll taxes	25
Both equal	2
Neither	4
Not sure	5

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Hart and Teeter Research Companies for the *Wall Street Journal*. [The results are based on a telephone poll of 1,005 adults nationwide between Jan. 17 and 19, 1998.]

## Internal Revenue Service

**Table 18. Do You Have a Favorable or Unfavorable View of the IRS?**

"Do you have a favorable or unfavorable opinion of the job the Internal Revenue Service (IRS) is doing?"

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Favorable	20%
Unfavorable	66
Don't know	14

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Fox News/Opinion Dynamics Poll. [The results are based on a telephone survey of 902 registered voters nationwide on Oct. 1 and 2, 1997.]

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**Table 19. What Kind of Job Do You Think the IRS Is Doing?**


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"Regardless of how you personally felt about the Internal Revenue Service, or IRS, what kind of a job do you think it is doing collecting the nation's taxes? Do you think it is doing a very good job, good job, poor job, or a very poor job?"

Very good job	10%
Good job	59
Poor job	18
Very poor job	7
Not sure	7

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Yankelovich Partners Inc. poll for *Time/CNN*. [The results are based on a telephone poll of 1,018 adults nationwide on March 11 and 12, 1997.]

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**Table 20. Would You Favor or Oppose Abolishing the IRS  
and Establishing a New Tax Agency?**


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"Would you favor or oppose abolishing the Internal Revenue Service (IRS) and building a new tax agency from the ground up?"

Favor	57%
Oppose	28
Not sure	15

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Fox News/Opinion Dynamics Poll. [The results are based on a telephone survey of 902 registered voters nationwide on Oct. 1 and 2, 1997.]



**Table 21. Does the IRS Have Too Much Power?**


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"Do you think the Internal Revenue Service (IRS) has too much power?"

Yes	81%
No	12
Not sure	7

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Fox News/Opinion Dynamics Poll. [The results are based on a telephone survey of 902 registered voters nationwide on Oct. 1 and 2, 1997.]

## Budget Issues

**Table 22. Which of the Following Issues Needs the Greatest Attention from the Federal Government?**


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"Which one of the following seven issues do you think needs the greatest attention from the federal government at the present time...improving education, guaranteeing the financial stability of Social Security and Medicare, reducing crime, reducing the budget deficit, reducing taxes, strengthening the economy, and reforming the way political campaigns are financed?"

Improving education	25%
Guaranteeing the financial stability of Social Security and Medicare	18
Reducing crime	14
Reducing the budget deficit	12
Reducing taxes	10
Strengthening the economy	8
Reforming the way political campaigns are financed	3
All equally (volunteered)	9
None of these (volunteered)	1

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Hart and Teeter Research Companies for NBC News/*Wall Street Journal*. [The results are based on a telephone poll of 2,013 adults nationwide between Dec. 4 and 8, 1997.]

**Table 23. Would You Prefer a Budget That Reduces Taxes More  
or One That Makes Smaller Reductions in Programs?**

---

"Which of these federal budgets would you prefer—a budget that reduces taxes more, even if that means larger reductions in programs, or a budget that makes smaller reductions in programs, even if that means taxes are not reduced as much?"

Reduces taxes more	32%
Makes smaller reductions in programs	61
Not sure	7

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Hart and Teeter Research Companies for the *Wall Street Journal*. [The results are based on a telephone poll of 2,004 adults nationwide between Sept. 11 and 15, 1997.]

**Table 24. How Should Surplus Money in the Budget Be Used?**

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"If you had to choose, how would you prefer surplus money in the budget be used? Would you prefer it be used to reduce taxes, or to strengthen the Social Security fund, or to reduce the national debt, or to increase funding for education, or to increase funding for another social program?"

Strengthen Social Security fund	37%
Increase funding for education	28
Reduce national debt	17
Reduce taxes	12
Increase funding for another social program	1
Other	1
Don't know (volunteered)	4

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*Los Angeles Times* Poll. [The results are based on a telephone poll of 1,314 adults nationwide between Jan. 29 and 31, 1998.]

**Table 25. What Should Be the Top Priority for Any Surplus Money in the Budget?**

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"Which of these do you think should be the top priority for any surplus money in the federal budget—cut federal income taxes, put it toward reducing the national debt, strengthen the Social Security system, or increase spending on other domestic programs?"

Social Security	47%
Reduce national debt	23
Cut income taxes	17
Domestic programs	10
No opinion	2

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*Washington Post* Poll. [The results are based on a telephone poll of 1,390 adults nationwide between Jan. 28 and 31, 1998.]

**Table 26. What Should the Government Do with a Budget Surplus?**

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"We have some more specific questions about what the government should do with a budget surplus. As I read a list of various proposals, please say whether you think each one should be a top priority for using the surplus, a high priority, a low priority, or not a priority at all—cutting federal income taxes for most Americans?"

Top priority	22%
High priority	42
Low priority	28
Not a priority	6
Don't know/refused	2

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Gallup Organization for the Cable News Network and *USA Today*. [The results are based on a telephone poll of 1,004 adults nationwide between Nov. 21 and 23, 1997.]