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## MTSU Poll trend analysis finds persistent majority support for a state income paired with sales tax cuts

NASHVILLE, Tenn. – A state income tax enjoys persistent majority support among about 60 percent of Tennesseans if paired with cuts in the sales tax, according to an analysis released today of the last four MTSU Polls.

This spring, support for an income tax coupled with a sales tax cut dropped slightly compared to last fall. But the difference is within the poll's error margin, and support for an income tax/sales-tax cut appears to be more broadly based than ever.

Support for that income tax proposal gained majority support in the Fall 2002 MTSU Poll, a few months after the state Legislature raised Tennessee's sales tax rate by a penny. It has persisted in each of the three MTSU Polls conducted since then, including the latest survey.

In the Spring 2002 MTSU Poll, which was conducted just prior to the one-cent sales tax increase, pairing an income tax with sales tax cuts attracted 46 percent support among state residents.

"It appears that the last sales tax increase crossed some sort of line for most Tennesseans," said Prof. Ken Blake, associate director of the MTSU Poll and author of the analysis. "The measure was so unpopular that a state income tax, when considered alongside it, started looking comparably more desirable for most state residents."

In a new development this spring, support for an income tax paired with sales tax cuts appears uniform across every demographic variable measured, including education, income, gender, race, political orientation, and voting habits.

In previous polls, support for an income tax coupled with sales tax cuts has been higher among groups including less educated Tennesseans, better-educated female Tennesseans, and Tennesseans earning less than \$50,000 a year, especially African Americans.

The 59 percent support for an income tax along with sales tax cuts observed in the latest MTSU poll is less than the 62 percent support found in the fall. But the difference is within the poll's error margin, indicating that it may be due to the small, random

differences between the poll's sample and the state's population. The next MTSU Poll, slated for Fall 2004, will provide more data on the trend's overall direction, if any.

The analysis also reveals that a steady three-fourths of state residents express support over time for one or more of three income-tax options: an income tax with a sales tax cut, an income tax with an exemption for the first \$15,000 earned, or an income tax with a flat rate.

In the latest poll, for example, 21 percent favored one of these income tax options, another 31 percent favored two of these options, and still another 24 percent favored all three options – a total of 76 percent. Thus a composite plan that included each of these options would give about three-fourths of Tennesseans at least one reason to support it.

The conclusion assumes, of course, that favorable attitudes toward these options would persist when the options were combined.

“Overall, the findings challenge the notion that most Tennesseans firmly oppose a state income tax. That notion is an oversimplification of a highly complex and evolving public opinion,” Blake said.

“What most Tennesseans clearly and firmly oppose is a state income tax enacted on top of the taxes they already pay,” Blake said. “But if state residents are offered an income tax paired with ending sales taxes on groceries and lowering sales taxes on other items, support moves well above 50 percent. Mentioning either a \$15,000 exemption or a flat tax rate in conjunction with an income tax also produces increases in support, although these are less dramatic. Finally, it's possible that about three-fourths of Tennesseans would support an income tax plan that included all three of these options.”

Blake noted that the latest income tax proposal voted down by Tennessee's Legislature included each of the three income tax options considered in the analysis. “Obviously, the kind of composite income tax plan considered in the analysis didn't survive that particular ‘real world’ test,” he said. “But that test also occurred before Tennesseans got a taste of paying higher sales taxes as an alternative. The data suggest Tennessee opinion about tax issues changed substantially after the sales tax increase took effect.”

Overall, the latest poll found that 38 percent of the state's population holds a firm opinion on the income tax issue if “firm opinion” is defined either as expressing support for an income tax before any mention of sales tax cuts, an exemption, and a flat tax rate or as persistently expressing income tax opposition despite the mention of each of these options.

For example, the latest poll – which used the same battery of questions as the earlier polls analyzed – first asked respondents, “In general, would you strongly favor, favor, oppose, or strongly oppose establishing a state personal income tax, or aren't you sure?” Respondents were then asked three questions in random order: “How about an

income tax plan that included ending the sales tax on groceries and lowering the sales tax on other items?” “How about an income tax plan with an exemption for the first \$15,000 of each taxpayer's income?” and “How about a ‘flat’ income tax plan that charged everyone the same amount per dollar of income?” The response options of “strongly favor,” “favor,” “oppose,” “strongly oppose” or “not sure” were repeated as often as the respondent needed to hear them.

About 20 percent of respondents answered “favor” or “strongly favor” to the general question about an income tax. And another 18 percent answered “oppose” or “strongly oppose” to the general income tax question as well as to each of the subsequent questions about an income tax paired with sales tax cuts, an exemption, and a flat rate. These respondents were classed as holding “firm” opinions because they could not be swayed from the opinion they initially expressed toward an income tax.

The remaining 62 percent of respondents were classed as not holding firm opinions because they had somehow varied from the opinion they initially expressed about an income tax. These respondents included the 22 percent who expressed opposition on the general income tax question, then voiced support on one or more of the subsequent questions pairing an income tax with a sales tax cut, an exemption, or a flat tax rate; the 15 percent who became subsequently supportive after expressing strong opposition on the general income tax question, and the 19 percent who indicated support after responding “not sure” to the general income tax question.

By this measure, opinion firmness on the income tax issue has been trending downward, with 44 percent holding a firm opinion in November 2002, 45 percent in March 2003, 36 percent in November 2003, and 38 percent this February.

“What all this means for the future is, of course, difficult to say,” Blake noted. “At the moment, discussion of an income tax is largely absent from public debate as represented in the mass media. So there are, at most, indirect pressures affecting public opinion on the income tax issue – perhaps economic factors, or issues related to the upcoming elections.

With each iteration of the budget process in the state capitol, the income tax issue has the potential to reappear on the public agenda. If it does, public opinion could quickly crystallize and move rapidly in either direction. The consistency of our results over the past four polls suggests a kind of stability under present conditions. But the downward trend in opinion firmness on the matter indicates that the public hasn’t yet made up its mind – and probably won’t until it has a compelling reason to do so.”

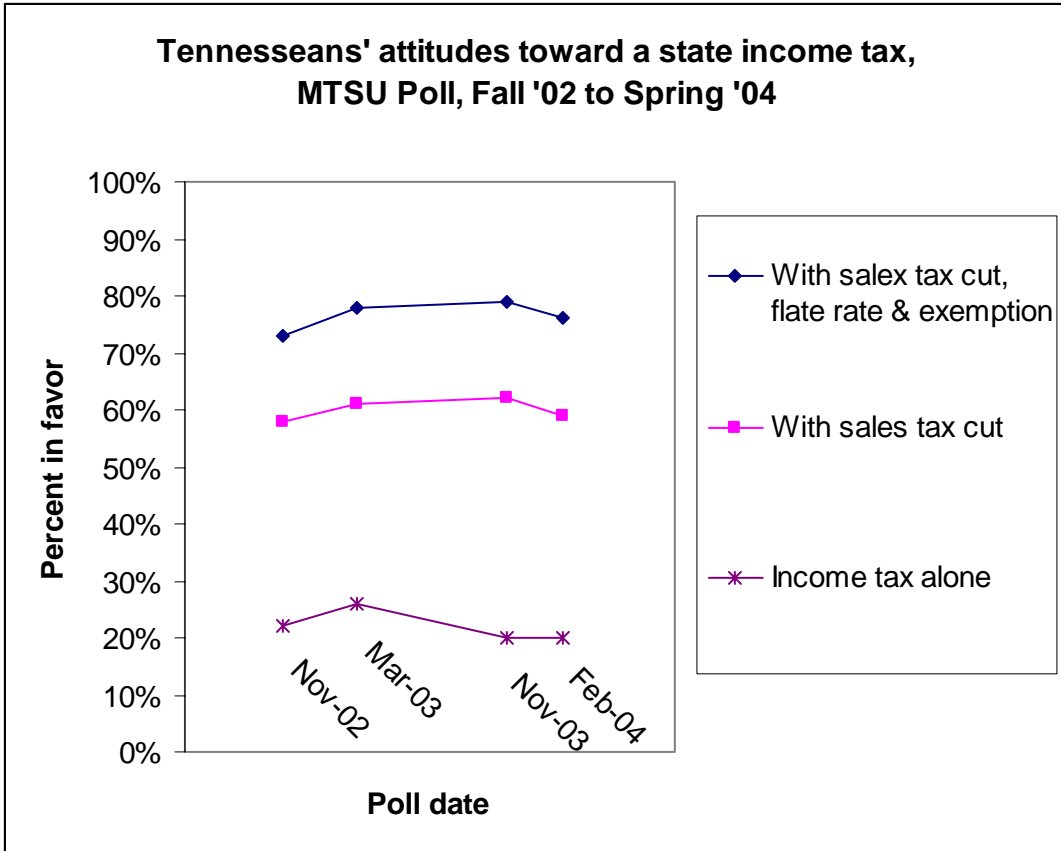
The current survey was conducted Feb. 16-28, 2004. The MTSU Poll is conducted using the same scientifically rigorous methods employed by academic and commercial polling operations across the country, and its accuracy has been validated by its ability to predict state election outcomes, mirror national public opinion trends, and obtain results consistent with established public opinion theory.

Each poll considered in this analysis was based on telephone interviews with 600 or more Tennessee adults age 18 or older whose telephone numbers were obtained from a commercially generated random digit dialing sample. The polls have an estimated error margin of  $\pm$  four percentage points at the 95 percent level of confidence.

Theoretically, this means that a sample of the size used should produce a statistical portrait of the state population within four percentage points 95 out of 100 times. Other factors, such as question wording, also affect the outcome of a survey. Error margins are greater for sample subgroups.

MTSU Poll samples typically vary somewhat from the U.S. Census Bureau's latest available projections for race and gender proportions within the state. Such variation commonly occurs because certain demographic groups are more difficult to contact. The data are thus weighted to more closely match Census projections for these demographics – again, in keeping with standard polling practice.

All MTSU Poll data, questionnaires, and results are available on the poll's website, [www.mtsusurveygroup.org](http://www.mtsusurveygroup.org).



**Tabular data**

<b>Poll date</b>	<b>With sales tax cut, flat rate &amp; exemption</b>	<b>With sales tax cut</b>	<b>Income tax alone</b>
Nov-02	73%	58%	22%
Mar-03	78%	61%	26%
Nov-03	79%	62%	20%
Feb-04	76%	59%	20%