Saying Yes to Taxes: The Politics of Tax Reform Campaigns in Three Northwestern States, 1965–1973[1]

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This article analyzes factors shaping popular support for new taxes by examining variation in the outcomes of votes in nine American states during the 1960s and early 1970s. New taxes were endorsed in five states but rejected in four. Using comparative and historical methods focused on the cases of Oregon, Washington, and Idaho, the author argues that the sequence of policy making shapes popular vetoes through three mechanisms: the mobilization of interest groups, the information available to voters about a policy, and how the costs and benefits of a policy appear to voters. The findings demonstrate that voter perceptions of the potential gains and losses of a new policy are sociologically mobilized through the policy process. Controlling when popular veto points appear in a policy process is an understudied strategy that is employed by American state builders to overcome ambivalence toward the fiscal imperatives of the activist state.

What factors shape whether Americans will say yes to new taxes? Few sociological analyses have focused on this question. Instead, much existing literature has responded to the charged contours of today's tax debates by

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seeking to explain the rise of antitax politics in the United States since the late 1970s (Prasad 2006, 2012; Martin 2008; Block 2009). Yet state-level tax politics a decade earlier raise a much different set of questions. During the 1960s and early 1970s, growing populations and rising demands for public services resulted in a flurry of proposals for new taxes. And, although most states did not allow voters to weigh in directly on tax reform, Americans in nine states went to the polls to vote on adopting or repealing major new taxes during this period (see table A1 in the appendix). In five of these states—Idaho, Maine, Nebraska, Massachusetts, and Ohio—voters *endorsed* new taxes, generally with large margins of support. But in the four other cases—Oregon, Washington, South Dakota, and Montana—voters *rejected* proposed taxes, and those states became part of a new minority of states lacking one or more major taxes in their revenue systems.

In this article, I focus on the puzzle of why Americans were willing to support higher taxes in some states but not in others during this period of widespread tax reform. In contrast to existing theories emphasizing how the type of tax proposed or the strength of labor or business interests shape tax policy decisions, I find that the most decisive factor determining whether new taxes were rejected or ratified was the sequence of when these taxes were imposed and placed before voters. Voters endorsed new taxes only in those cases in which taxes had been implemented prior to the vote, often as a result of the use of legislative techniques that allowed new taxes to go into effect immediately, even pending a popular referendum or repeal effort. Different sequences of tax policy making produced different effects on the mobilization and resources of interest groups and the information available to voters about the proposal. These factors in turn shaped voter perceptions of the costs and benefits of the new tax and determined whether popular veto points ended up blocking or ratifying tax reform.

My analysis reveals how voter perceptions of a policy are sociologically mobilized through the political process, with different policy sequences generating different calculations of the losses and gains at stake in a policy's adoption. While behavioralist perspectives naturalize voters' reluctance to overturn the status quo as a basic feature of the psychology of decision making, I argue that the timing of popular veto points in the policy process sets in motion specific social and political mechanisms that were responsible for American voters' willingness to say yes to taxes. Ultimately, my analysis demonstrates that different sides of American ambivalence toward revenue generation can be triggered by different policy sequences,

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with significant consequences for the fiscal capacity of the activist state. American state builders have historically turned to a variety of strategies for managing this tension, including linking new taxes to war mobilization or using earmarked taxes tied to specific benefits (Zelizer 2003). My findings establish that a key unrecognized strategy of policy makers seeking an expanded role for state government during the postwar period was controlling when popular veto points appeared during the policy process. However, most likely because these efforts to control sequence occurred at the state level, their implications for the trajectory of American state building have not been fully explored by scholars.

BACKGROUND AND CASE SELECTION

In this article, I examine those states where Americans cast ballots on new taxes during the 1960s and early 1970s in order to understand why popular veto points endorsed new taxes in some states but blocked them in others. I focus on this decade because it was one of the most active periods of state-level tax reform in American history and occupies a pivotal position in the historical transformation of state revenue systems. Between 1960 and 1971, 20 states adopted either the individual income tax or the general sales tax, which today account for 66% of all state government revenue (U.S. Census Bureau 2012).[2] In addition, by 1971, the share of U.S. states without both the individual income tax and the sales tax had switched from a majority to a minority (see fig. 1). The repeal or adoption of a major tax has been almost unheard of since 1971, meaning that the decisions made by policy makers and voters during this period of reform have had enduring consequences.[3]

Using comparative historical methods, I analyze three cases selected from the group of nine states where voters had the final say over new taxes: Idaho, Washington, and Oregon. These three states were typical of the larger group of states where voters weighed in on new taxes during the 1960s and early 1970s: most importantly, they faced mounting fiscal challenges as demand for government services grew during the postwar

[2] States adopting the income tax were West Virginia (1961), Indiana (1963), Nebraska (1967), Michigan (1967), Maine (1969), Illinois (1969), Ohio (1971), Pennsylvania (1971), and Rhode Island (1971). States adopting the sales tax were Kentucky (1960), Wisconsin (1961), Texas (1961), New York (1965), Idaho (1965), Massachusetts (1966), Virginia (1966), New Jersey (1966), Minnesota (1967), Nebraska (1967), and Vermont (1969). Nebraska was the only state to adopt two new taxes during this period.

[3] Alaska repealed its income tax in 1980 as a result of skyrocketing oil and gas revenues. New Jersey adopted an individual income tax in 1976. In 1991, Connecticut expanded a tax on capital gains and dividends to include personal income, effectively adopting an individual income tax.

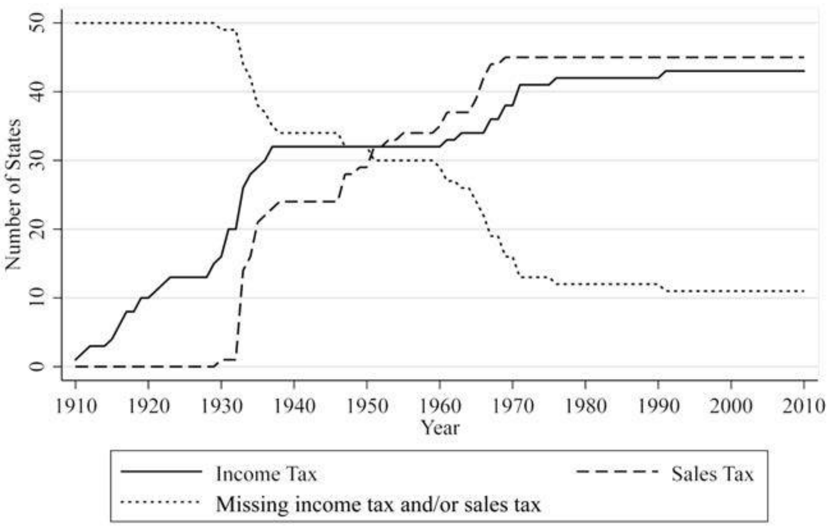

FIG. 1.—Changing composition of state tax systems, 1910–2010 (author's calculations with data from Tax Foundation [2005]).

period, yet they lacked at least one major tax in their revenue systems.[4] Idaho, Washington, and Oregon had all adopted new taxes during the Depression in an effort to augment the deteriorating revenue capacity of the property tax, provide matching funds for federal relief programs, and access wealth held in wages and assets (Malone 1970; Roberts 2002). Like most American states, these three Pacific Northwestern states entered the postwar period using either the individual income tax or the general sales tax and soon faced pressure on several fronts to adopt new sources of revenue. Growing populations, particularly of school-age children, produced demands for new school buildings, higher teacher salaries, and investments in state universities. The use of matching ratios in federal grant programs, including Great Society initiatives, also substantially increased revenue needs at the state level (Advisory Commission on Intergovernmental Relations 1967, pp. 137–84; Stephens 1974; Wright 1982).[5]

Though all states faced similar fiscal challenges during the postwar period, only some were able to convince voters to adopt major new taxes

[4] In this group of nine states, only Maine and Nebraska adopted both of these major taxes after World War II. Maine adopted the sales tax in 1951 and the income tax in 1969, while Nebraska adopted both income and sales taxes in a single year, 1967. In contrast, South Dakota, Washington, and Ohio all adopted the sales tax during the Depression, while Montana and Oregon adopted the income tax during the same period. Massachusetts had adopted the income tax over a decade earlier, in 1916.

[5] A few states that lacked either the income or sales tax in the postwar period were able to meet these fiscal challenges by generating substantial revenue from severance taxes

to address revenue problems. I contend that the crucial difference shaping popular support for new taxes was whether or not a new tax was implemented prior to a vote on its retention or repeal. My case selection reflects this important distinction (see table A2 in the appendix). Indeed, in all five states where new taxes were endorsed at the polls, voters cast ballots at least several months after the new tax had already started generating revenue. Idaho, where voters cast ballots on the sales tax 16 months after the tax became effective, had neither the shortest gap in this regard nor the longest. Voters in Massachusetts rejected an attempt to repeal the sales tax only seven months after it was implemented, while voters in Maine retained the income tax a full 28 months after it was adopted (see table A1 for dates). Because Idaho voters ratified the sales tax by the smallest margin of all the states in this group, it also provides the opportunity to analyze how popular support for higher taxes was generated when these new revenues truly hung in the balance.

Finally, in all four states, including Oregon and Washington, where new taxes were rejected, these taxes had not yet been implemented when voters weighed in. Although I discuss arguments linking support for new taxes to the type of tax under consideration in more detail in the following section, I will note here that I selected both Oregon and Washington as case studies of failed tax reform in order to include votes on both the income tax and the sales tax. Both states also held multiple votes on tax reform during this period.[6] Not only does this provide additional opportunities for analysis, it suggests that tax reform advocates may have had a better chance of success in these two states since they had the opportunity to learn from their experiences and refine their strategies. In the following section, I evaluate alternative explanations for these divergent tax reform paths before moving on to an expanded discussion of how policy sequence shapes popular veto points and American support for the revenue demands of state building.

on the removal of natural resources, including oil, gas, coal, timber, or other mineral extraction. In the early 1960s, these taxes generated only about 2% of overall state tax revenue (not including local property taxes) but accounted for as much as 31% of state tax collections in Louisiana and 19% in Texas. However, within the group of nine states considered in this analysis, only Montana generated more than 1% of tax revenue from such taxes. Even Montana's reliance on severance taxes, while double the national average at 4%, was not sufficient to displace the potential revenue yield of a major tax such as the general sales tax (author's calculations from the U.S. Census Bureau [1962]).

[6] The second popular vote on tax reform in Oregon during this period, in 1973, concerned major revisions to the corporate and personal income taxes, not the adoption of a new tax as in the other cases considered here. I have included it in this analysis because it represents another example of the popular veto intersecting with tax reform and allows a comparison of votes on income and sales taxes within the same state.

EXPLAINING DIVERGENT STATE TAX POLICIES

Voters' support for new taxes in some states but not in others is puzzling from the perspective of existing literature on taxation and the politics of social policy. Variation in state tax structures is itself no surprise, given the federal structure of the American political system in which state and local governments raise their own taxes. But the structural logics of the "fiscal federalism" paradigm are poor guides for going beyond basic predictions of variation to understanding the patterns and timing of specific state reforms (Weir 2005), and state-level tax reforms in particular have received little attention from scholars.[7] Explanations linking the development of regressive tax regimes to undemocratic political structures likewise seem to be more helpful in accounting for southern states' tax exceptionalism than in distinguishing among policy trajectories within the set of states where voters cast ballots on new taxes during the 1960s and early 1970s (Einhorn 2006; Newman and O'Brien 2011). In this section, I contend that other potential explanations offered by existing scholarship—the type of tax proposed, the power of organized labor, or the preferences of employers—also fail to explain why voters in some states endorsed new taxes during the 1960s and early 1970s while voters in other states repeatedly refused to do so.

Tax Visibility and Design

Sociological research suggests that voters may be more likely to support certain types of taxes than others and that the design of tax proposals can be a key factor shaping public opinion of tax reform. "Visible" taxes on income, property, and capital gains seem more likely to provoke public resistance, while taxes that are closely identified with a specific benefit and paid in small increments throughout the year rather than in annual lump sums seem to generate greater public support (Wilensky 2002; Campbell and Morgan 2005; Campbell 2010; Prasad 2012). Yet voters across the country endorsed both visible and less visible taxes during the 1960s and 1970s, ratifying the adoption of the sales tax in Idaho and Massachusetts and endorsing the income tax in Maine, Nebraska, and Ohio.[8] Meanwhile, voters in Oregon and Montana rejected adoption of the sales tax, while voters in Washington and South Dakota rejected the income tax. In other

[7] See Brownlee (2004, pp. 249–77) for a helpful historiography and bibliography of scholarship on American taxation, including a brief overview of literature on state-level taxation (pp. 270–71). More recent scholarship not included in this historiography includes Amenta (1998), Einhorn (2006), Mehrotra (2008), Mehrotra and Shreve (2008), Martin (2010), and Newman and O'Brien (2011).

[8] Nebraska adopted both an income tax and a sales tax in 1967, but only the income tax was the subject of a repeal effort and was placed on the ballot.

words, the type of tax proposed does not predict the outcomes of popular votes during this period.

Another strand of this literature analyzes how policy architects strategically manipulate the timing of cost increases and the targeting of benefits contained in tax proposals in order to provide resources and incentives that will mobilize supportive constituencies and demobilize opponents (Graetz and Shapiro 2005; Hacker and Pierson 2005; Martin 2010, 2013). As I discuss in greater detail below, the tax policies developed across states seeking tax reform during this period were broadly similar: all paired some measure of tax relief—often aimed at reducing pressure on the overburdened property tax—with the adoption of a new revenue source. There is little evidence to suggest that policy makers in states that successfully adopted new revenue sources were more clever policy architects than their peers in states that consistently failed to adopt new taxes.

At the same time, lawmakers pursuing tax reform consciously weighed the merits of different policy sequences and in some states were able to take advantage of constitutional limits on direct democracy in order to improve a tax's chances of retention in the face of a repeal effort or popular referendum. This aspect of policy design had a substantial impact on popular support for new taxes. Most existing scholarship on "policy crafting" focuses on how Americans come to support regressive tax cuts that betray their economic interests or stated normative preferences. But in the case of popular votes on tax adoptions, the task of proponents is different: it requires persuading voters that the collective benefits of additional revenue outweigh the individual costs of new taxes. Certain policy sequences conferred greater rhetorical and material resources to protax coalitions engaged in this project of persuasion. My analysis therefore draws on this policy crafting literature in underlining the importance of policy sequence but goes beyond its current, limited focus on how policy design can generate support for regressive tax policies that primarily benefit a wealthy minority.

Class-Based Explanations

Class-based perspectives suggest that the adoption of new taxes—particularly progressive ones—that can fund redistributive social policies would be more likely in states where labor unions are powerful interest groups or are closely linked to left political parties (Korpi 1983; Hicks 1999; Huber and Stephens 2001).[9] Political parties in Oregon, Washington, and Idaho are weak, and tax reforms were pursued in all three states by progressive

[9] Korpi refers to redistribution that "occurs not only on the expenditure side but also on the revenue side" (1983, p. 195), suggesting that a balance of power favoring working-class organizations will make both progressive taxation and generous social policies

Republican governors who had battled conservative elements in their own party but were by no means identified with worker interests.[10] However, labor unions—especially those representing public school teachers—were some of the most powerful pressure groups in Oregon, Washington, and Idaho during the 1960s and early 1970s, and labor interests participated actively in tax reform debates in all three states (Bone 1969, p. 386; Swarthout and Gervais 1969, pp. 313–17; Weatherby and Nichols 1970; Peirce 1972*b*, p. 205). Given the prominent role of labor groups in state politics, prospects for new taxes would seem strong in all three states, but particularly in Washington, where the income tax was the missing component of the state tax system and unionization rates had long been among the nation's highest.[11]

Yet labor groups in both Oregon and Washington were more successful at scuttling tax proposals they found too regressive than at securing the adoption of new taxes that met with their approval.[12] In 1973, labor groups supported both Governor Evans's income tax proposal in Washington and Governor McCall's effort to substantially increase the income tax in Oregon, but neither measure succeeded at the ballot (Johnson 1973; Oregon Office of the Secretary of State 1973). Instead, it was Idaho that adopted a new tax, and a regressive one at that. While the

more likely. In practice, as recent research demonstrates, these factors seem to have an inverse relationship: it is liberal welfare states with less generous social policies that rely more heavily on progressive taxes, while nations with high welfare state effort actually rely on regressive consumption taxes (Prasad and Deng 2009). The United States, whose heavy reliance on progressive taxes implies revenue-side redistribution, is actually one of the least successful countries among rich nations in reducing market inequality through government policies (Smeeding 2005), even though the gap between the United States and other nations shrinks when indirect taxes and in-kind benefits are taken into account (Garfinkel, Rainwater, and Smeeding 2006).

[10] The use of the direct primary, frequent ticket splitting by voters, factionalism within the two major parties, limited control by party leaders, and the option of direct legislation all contribute to weak political parties in Oregon, Washington, and Idaho (Bone 1969; Swarthout and Gervais 1969, p. 302; Eyre and Hjelm 1970). Both Republican and Democratic governors pursued new taxes across the broader group of states where they were adopted during this period. Maine and Ohio adopted new taxes under the leadership of Democrats, while Republican governors were responsible for championing new taxes in Nebraska, Idaho, and Massachusetts.

[11] In 1970, 41% of the nonagricultural wage and salary employees in Washington were covered by a collective bargaining agreement, compared to a national average of 28%. Meanwhile, union density in Idaho was 24% when the sales tax was adopted in 1965, below the national average that year of 29% (Hirsch, Macpherson, and Vroman 2001).

[12] For instance, in Oregon, local labor councils and the state AFL-CIO contributed almost all of the funding for the 1969 anti–sales tax campaign that led to voter rejection of the tax (Oregon Office of the Secretary of State 1969*a*, pp. 3–4). Labor's refusal to endorse the 1970 tax plan in Washington, which included a flat-rate income tax, also contributed to this measure's defeat at the polls (Scates 1970; Washington Secretary of State 1970, 1973).

powerful Idaho Education Association played a critical role in lobbying for the sales tax and then defending it against repeal at the ballot, the Idaho AFL-CIO remained neutral on the issue (*Lewiston Morning Tribune* 1966; Martin 1969, p. 194; Weatherby and Nichols 1970, pp. 80–81; Peirce 1972*a*, p. 137; Moncreif 1987, p. 69).

Indeed, across the broader set of states where voters weighed in on new taxes during this period, labor unions and labor-supported Democrats appeared only intermittently as protagonists of new revenue generation and were just as often thwarted in their tax reform priorities. For example, labor unions in Ohio certainly played a key role in defending the state's new income tax from repeal in 1972; yet, on the other hand, a labor-backed referendum effort to overturn the sales tax in Massachusetts in 1966 ended unsuccessfully when voters endorsed the tax's retention by a large margin (Thomas 1966; *Plain Dealer* 1972*c*; Kilgore 1987).

Employer-Centered Approaches

Employer-centered theories see firms, not class-based political parties, as the protagonists of welfare state development (Hall and Soskice 2001; Swenson 2002; Mares 2003). These perspectives suggest that tax adoptions are most likely to be successful where supported by business interests but also emphasize that these business interests may represent only a portion of the broader business community and may join in coalition with working-class interests on these issues. Literature focused specifically on tax politics has also argued that business preferences are a key variable determining the content and political viability of tax policies (Martin 1989; Akard 1992). However, corporate influence provides no straightforward map for tax reform outcomes at the state level during this period, with business interests appearing on both losing and winning teams across various episodes of tax reform.

On the one hand, business interests in Washington were content with the status quo tax system based on the sales tax and managed to preserve this system during the 1960s and early 1970s in the face of repeated attempts to adopt the income tax (Dodds 1986, pp. 317, 324). Even when income tax proposals included major tax breaks for business, business groups largely stayed out of tax fights and resisted Governor Evans's efforts to bring them in on the side of tax reform (*Seattle Post-Intelligencer* 1970*d*). Corporate leaders in Idaho also saw their policy preferences enacted during tax reform debates, this time in support of a new tax. Large businesses were key supporters of the sales tax, which offered them various exemptions and preferences and was seen as preferable to increases in the income tax (*Idaho Daily Statesman* 1965*c*, 1965*f*). For instance, Boise Cascade president R. V. Hansberger warned against popular repeal of the tax, saying that the sales tax was "the best thing for an undeveloped state" like Idaho, and president of the Idaho Department Store Company R. F. Pasley headed the Forward Idaho Committee that coordinated defense of the sales tax (*Idaho Daily Statesman* 1965*e*, 1965*h*). If business preferences prevailed in the successful adoption of the sales tax, they were the preferences of a segment of the Idaho business community: the major thrust of opposition to the new tax—and leadership for the referendum campaign—came from small businesses in border counties that feared the loss of their comparative advantage with Oregon and Washington residents.[13]

On the other hand, while business leaders in some states were able to win or preserve a tax structure consonant with their preferences, business interests in other states were much less successful. Oregon businesses contributed the vast majority of the more than $130,000 raised to support the adoption of the sales tax in 1969—more than five times as much as the labor groups opposing the sales tax—but the ballot measure failed miserably (Oregon Office of the Secretary of State 1969*b*). The Oregon business lobby was able to stave off proposed income tax increases in the 1973 reform package, but they have never managed to win adoption of the sales tax as an alternative source of revenue borne by consumers. Business interests in other states were also unsuccessful in blocking taxes they opposed. For instance, opposition to Nebraska's new income tax was strongest in Omaha, where most of the state's wealth was concentrated, and individual business executives attempted to organize action against the income tax, but 64% of voters rejected an attempt to strike the tax from the state constitution (Luebke 1990, p. 111). Similarly, the Ohio Manufacturers Association strongly opposed the income tax adopted in 1971, calling it "a bad bill" (Snyder 1971), but Ohio voters disagreed and voted down an attempt to constitutionally prohibit the income tax in 1972. In short, while business groups sometimes appeared as key opponents or proponents of new taxes during this period, their participation was not the decisive factor shaping whether voters endorsed or rejected new taxes.

POLICY SEQUENCE AND AMERICAN AMBIVALENCE TOWARD TAXATION

The equivocal role of direct democracy in the construction of the postwar fiscal regime—facilitating the adoption of new revenue instruments in

[13] Tobe Massingill, who formed the Anti–Sales Tax Referendum Committee that would grow to have a presence in every county in the state, was himself a small businessman. With his brother Cliff, he owned Massingill Furniture in Payette, Idaho, only six miles away from the town of Ontario, Oregon, where there was no sales tax (Smallwood 2007, p. 135).

some states while blocking reforms in other states—is also puzzling from institutionalist perspectives, which expect that veto points like those created by direct democracy make the adoption of new policies less likely (Immergut 1990, 1992; Huber, Ragin, and Stephens 1993; Tsebelis 2002).[14] However, I argue that when in the sequence of policy implementation voters have veto power over the permanent adoption of a policy determines how that popular veto point functions and whether in fact it is likely to block the adoption of new policies. My argument builds on historical institutionalist scholarship that documents how institutional structures and policies can generate positive feedback effects that create new incentives and resources for political actors, but which has not specifically examined how such effects shape the function of popular veto points (Skocpol 1992; Weir 1992; Pierson 1993, 2000). Pierson's (2004) work on timing and sequence in political processes notes that a "variable's impact cannot be predicted without an appreciation for *when* it appears within a sequence unfolding over time" (p. 67). Indeed, I contend that understanding how veto points shape policy adoptions requires moving away from a focus on the number of veto points contained in a policy process and toward an analysis of when in the policy process these veto points can be exercised.

Direct democracy created popular veto points in all nine states where votes were cast on new taxes during the 1960s and early 1970s. In this article, "direct democracy" refers to political institutions that allow voters to directly vote on or propose policy initiatives. Common institutions of direct democracy are the "popular referendum" (when voters refer a legislatively approved law to the ballot), the "legislative referendum" (when the legislature itself refers a law to the ballot), and the "popular initiative" (when voters propose a statute or constitutional amendment and place it on the ballot; Magleby 1984, pp. 1–2, 35–36). Even in the five states where new taxes were implemented prior to a vote, direct democracy institutions remained a part of the overall policy process. In all five of these states, either a popular referendum or a popular initiative to amend the state constitution was pursued and placed on the ballot, creating a popular veto point with final say over the new tax's fate (see table A1).

However, the legal nuances of how initiative and referendum provisions were structured in state constitutions and interpreted by state courts allowed policy makers in some states to control when in the policy sequence a popular vote would appear. These small institutional differences had significant consequences for the political dynamics of tax reform. In

[14] Martin (2008) offers a contrasting perspective, arguing that American federalism and institutions of direct democracy can actually multiply opportunities for proposing and adopting new policies. He notes that, during the 1970s, activists on both the political right and left used these institutions to initiate new policies limiting the property tax.

some states, tax reformers benefited from statutory and constitutional provisions exempting fiscal measures from the popular referendum.[15] In other states, lawmakers took advantage of "emergency clauses" or "public safety exceptions," which either exempt a law from referendum or allow it to take immediate effect, even pending the outcome of a future popular referendum (Lowe 1986, pp. 595–96).[16] Even in states where tax laws were completely protected from referendum, direct democracy allowed tax opponents to repeal by using the popular initiative to propose a constitutional amendment outlawing the recently adopted tax. However, in a final group of states, the absence of such constitutional protections or a combination of other legal circumstances meant that reformers had less control over the sequence of tax policy making and could not implement new taxes prior to their approval by voters.

Shifts in the policy sequence shape the outcomes of popular veto points through three primary mechanisms. Together, these mechanisms determine whether the effects of a complex policy are either clarified or rendered even more uncertain during public debate. Although these mechanisms may reinforce each other, they remain distinct in that policy sequence affects each independently. First, whether a popular vote comes before or after a policy has been implemented affects the *mobilization of coalitions* that support and oppose the policy, including the rhetorical and material resources available to these groups. Groups opposing a new policy benefit when a policy cannot be implemented prior to a popular vote on its fate. This sequence allows opposition groups to exploit the complexity of proposed policies to generate fear and uncertainty about the new policy's effects and to take advantage of the threat posed by new legislation to generate financial support from constituencies whose interests are at stake. On the other hand, when a

[15] For instance, Michigan and Ohio exclude certain types of fiscal policies such as appropriations measures or tax levies from the referendum process, preventing the use of the referendum to block these laws from taking effect (Lowe 1986, p. 595). Michigan adopted the individual income tax in 1967 but never held a subsequent vote on repeal or prohibition of the tax.

[16] Provisions authorizing emergency clauses were increasingly incorporated into state constitutions in the latter half of the 19th century, as lawmakers sought to allow some laws to take immediate effect rather than waiting the prescribed period that was generally understood to give time to promulgate a new law (*Harvard Law Review* 1931, p. 851). As laws authorizing the referendum were adopted in the United States (South Dakota was the first state to adopt such laws, in 1898), they were often accompanied by public safety or emergency clauses that allowed lawmakers to override voter prerogatives and immediately implement legislation when it was deemed necessary (p. 852). Among states where popular vetoes were a possibility during tax reform debates of the 1960s and early 1970s, emergency or public safety clauses can completely exempt laws from referendum in Maine, Ohio, Oregon, and Washington. In Idaho, Massachusetts, and Nebraska, attaching an emergency clause allows a law to go into immediate effect, pending the outcome of a referendum vote (Lowe 1986, pp. 595–96).

policy can be implemented prior to a popular vote on its retention, groups supporting the policy are able to highlight the concrete benefits it has already generated. Proponents may be able to rely on financial support from a new constituency of policy beneficiaries who have an interest in preventing the law from being repealed, while opponents who feel as though the battle has already been lost may be less motivated to join (or fund) the fight.

Second, the sequence of a policy's implementation and consideration at the polls has an important effect on the *amount and type of information voters have about a policy*. When voters consider a new policy that has never been implemented, their knowledge about its effects is limited to information provided through political debates over the new policy. Groups that support a new policy face an uphill battle in trying to educate voters about a complex piece of legislation, while opponents of the policy are free to selectively highlight negative elements of the policy or deliberately sow uncertainty about the plan's impacts to confuse voters. On the other hand, when a policy has already been implemented prior to a vote on its retention, voters can draw information on the policy's impact from their own experiences. Advocates can expand the type of information they provide to voters to focus on reporting the beneficial impacts of a policy rather than on explaining its structure and provisions. The confusion tactics of opponents are less effective in the face of voters' direct experiences with a new policy.

Finally, the sequence of policy making shapes the function of popular veto points by determining *voter perceptions of the costs and benefits* at stake. When voters must decide whether to adopt an unfamiliar policy, opponents can highlight the risks and costs of change to create fear of abandoning the status quo. If voters are unsure of how the policy even works, opponents argue, their endorsement could turn out to be a huge mistake. However, when considering whether to retain an already-implemented policy, voters can become reluctant to surrender the concrete benefits they already have in hand. In this sequence, the status quo now includes the new policy, and advocates of the policy are now the ones who can warn of the potentially catastrophic risks of abandoning a new policy regime in favor of untested alternatives.

In concluding that voters are more likely to endorse new policies if these policies have already been implemented prior to a vote, my analysis confirms research in behavioral economics demonstrating that decision makers assign disproportionate weight to potential negative outcomes as compared to potential gains, making them loss-averse even when gains are probable (e.g., Kahneman and Tversky 1979). But while the status quo bias modeled by "prospect theory" elegantly predicts that sequence will alter the likely outcome of popular veto points, it also naturalizes the sense of loss aversion that shapes voters' decisions about the fate of a policy. The voter psychology that makes "losses loom larger than gains" presumably develops out of the influence of various feedback effects in the decision-making environment, yet behavioralist perspectives are largely unconcerned with identifying or analyzing the social processes producing these effects. In contrast, I argue that voters approach decisions about new policies using a set of analytical tools constructed by the policy sequence itself. How the content of a policy is understood, the status quo against which it is compared, the magnitude of potential risks and returns, and the way in which costs and benefits are conceptualized are all products of the political debates surrounding a new policy—a debate that has been structured by the policy making sequence.

More broadly, my analysis suggests that different policy sequences have the capacity to trigger different sides of American ambivalence toward the revenue requirements at the heart of the activist state. Public opinion research has long indicated that Americans hold ambivalent and even contradictory views about government, espousing conservative ideologies of limited government and low taxes while also supporting many specific forms of government spending (Free and Cantril 1967; Citrin and Sears 1982; Page and Jacobs 2009). One source of this ambivalence may lie in the United States' exceptional reliance on the progressive federal income tax. The visibility of progressive income taxation seems to provoke more political resistance to revenue generation than consumption tax regimes do, frustrating the ambitions of American state builders (Wilensky 2002; Prasad 2012). Historians studying the link between revenue generation and state building have identified various strategies employed by policy makers to navigate the tension between the revenue imperatives of an activist state and tax resistance, including using crisis to mobilize support for taxes, relying on earmarked taxes or automatic revenue generated from economic growth, and accepting federal deficits (Zelizer 2003; see also Campbell and Morgan 2005; Sparrow 2011; Michelmore 2012).

But my analysis highlights another important strategy that has been particularly useful at the state level, where direct democracy poses a unique challenge to the adoption of new taxes: control over when popular veto points enter the policy process. State policy makers pursuing new taxes during the 1960s and early 1970s were keenly aware of the potential roadblocks posed by direct democracy, and they deliberately sought to maintain control over policy sequence as a way to neutralize these challenges. Different sequences during the tax debates of this period produced profound consequences for Americans' willingness to accept the fiscal imperatives associated with an expanded role for state government—and ultimately for the possibilities of activist government in a federal political system.

ESTABLISHING INSTITUTIONS: TAXES, DIRECT DEMOCRACY, AND CONSTITUTIONAL LIMITS

The distinct ways in which direct democracy and fiscal regimes developed and intersected in these three states during the early 20th century created institutional legacies that would shape the pathways open to reformers who again sought to modernize tax systems in the 1960s.[17] While lawmakers in Idaho were able to attach an emergency clause to the sales tax law, allowing it to go into effect and generate revenue even while pending the outcome of a popular referendum, lawmakers in Oregon and Washington did not have access to similar techniques. Farmers and labor activists, who formed the core of progressive coalitions during the late 19th and early 20th centuries, saw both direct legislation and progressive taxation as ways to check the power of corrupt political parties and corporate interests that had shut ordinary citizens out of the democratic process and disproportionately burdened them with state and local taxes that the wealthy were able to evade. The progressive movement was particularly strong in Oregon, where activists helped pioneer a set of direct-democracy reforms that came to be known as the "Oregon System" (Eaton 1912, p. 2; Piott 2003, pp. 32–49).[18] However, progressive strength in Oregon also led to greater limits in this state on the legislature's ability to protect laws from the referendum (art. 4, secs. 1 and 28, and art. 9, sec. 1a, of the Oregon Constitution). The original referendum provisions adopted in Oregon in 1902 exempted legislatively designated "emergency" laws from the referendum, but pressure from progressive activists led to a 1912 ballot measure that specifically prohibited emergency designations with regard to tax laws (Haynes 1913, pp. 20–21).[19]

[17] Although I embrace a broad understanding of institutions as systems of rules that structure the behavior of actors (Offe 2006; see also other contributors to Shapiro, Skowronek, and Galvin [2006]), my account primarily concerns the role of formal institutions specified through legal means—in this case, state constitutions and court decisions that determine the legal relationship between state legislatures and the power of initiative and referendum. As a result, the way I deploy the term "institution" in this account is compatible with both rational choice understandings of institutions as formal rules coordinating collective behavior and historical institutionalist understandings of institutions as historically evolved institutions, procedures, and norms (Hall and Taylor 1996).

[18] The Oregon System included not only the popular initiative and referendum but also the recall of elected officials and the direct primary system.

[19] First pursued unsuccessfully in 1910, this limitation on the legislature's use of the emergency clause was ultimately adopted as part of a package of changes to tax law backed by the board of state tax commissioners and the legislative tax committee. The main purpose of the ballot measure was to overturn an amendment endorsed by voters in the 1910 election that allowed Oregon counties to regulate their own taxation, regardless of state-level constitutional or statutory restrictions (Gilbert 1916, pp. 34–36). Many of the

The use of emergency clauses in Washington was never limited as it had been in Oregon, and the state Supreme Court proved willing to defer to legislative discretion in declaring the need for immediate implementation of laws, including tax bills.[20] However, this power was of no help in abolishing a uniformity provision in the state constitution, an important prerequisite for the adoption of the income tax.[21] When Washington voters defeated such an amendment in 1928, reformers changed tactics and drafted an income tax law with language that they believed circumvented uniformity requirements. Although the measure passed with 70% of the vote in 1932, business interests that opposed the income tax brought suit, and in 1933 the state Supreme Court ruled the income tax law unconstitutional (Roberts 2002, pp. 89–99). When subsequent elections found waning support for the income tax, the Washington legislature adopted the sales tax, which required no constitutional amendment and thus no popular approval.[22]

As in Washington, the Idaho constitution (art. 3, sec. 22) authorized the use of the emergency clause without restrictions on the type of law to which it could be attached. Important precedents for how the emergency clause in-

direct-legislation reformers in Oregon were also ardent supporters of the "single tax," a form of the property tax designed to prevent land speculation, and the 1910 amendment was designed to promote county-level single-tax laws. The tax commissioners and legislators primarily wanted to repeal this county option, but they also included progressive-backed restrictions on the use of the emergency clause in the ballot measure (Haynes 1911, pp. 37–43, 58–59; Piott 2003, pp. 46–47).

[20] See art. 2, sec. 31, of the Washington Constitution. Page (2009) discusses the history and use of the emergency clause in Washington in some detail.

[21] Uniformity provisions stated that different types or portions of property could not be taxed at different rates, essentially making the establishment of a graduated income tax impossible without a constitutional amendment. Present in many western state constitutions, these "uniformity clauses" had their roots in the constitutions of some southern states where wealthy slave owners wanted to protect against the possibility that slaves could be taxed at a higher rate than other forms of "property" (Einhorn 2006).

[22] Reacting to the court's decision, the legislature approved a resolution that again placed a constitutional amendment allowing income taxation on the 1934 ballot. However, the approval of another ballot measure during the 1932 election, one that imposed limitations on property tax rates, started to dissolve the coalition of reformers that had come together during the 1920s to support an income tax as farmers in particular benefited from the property tax limitation and became less motivated to pursue the income tax (Roberts 2002). The 1934 income tax measure failed at the polls. In 1935, the legislature took a broad approach to the revenue problem, passing a retail sales tax, a new version of a cleverly worded income tax bill that they hoped would pass judicial muster, and a backup resolution once again putting the income tax constitutional amendment on the ballot. Both the income tax law and the constitutional amendment failed, one at the hands of the courts and one at the ballot box, and the state was left with the sales tax.

teracted with the state's referendum provisions were established in 1935, when Democratic governor C. Ben Ross pushed for a sales tax after the newly adopted income tax failed to deliver expected levels of revenue (Malone 1970, pp. 35–36). Legislators attached an emergency clause to the sales tax bill so that it could go into effect immediately and raise much-needed revenue. Although the tax passed, merchants and consumers vehemently opposed it and gathered signatures for the first referendum in the state's history (pp. 84–89, 114–15). In a key decision clarifying the relationship between the emergency clause and the referendum in Idaho, the Idaho Supreme Court ruled that the law could stay in effect until the referendum, arguing in the majority decision that it "would be unwise to permit the small number of voters required to initiate a referendum to delay, by petitioning for one, the operation of a law for which an emergency actually exists" (*Johnson v. Diefendorf*, 56 Idaho 620 [1936]). As a result, Idaho actually collected several months of sales tax revenue in the interim between the law's implementation and the referendum, even though voters ultimately rejected the sales tax at the polls in the 1936 election.[23]

This earlier period of reforms helped establish the legal institutions that would shape policy making during efforts to adopt new taxes during the 1960s in Oregon, Washington, and Idaho. In Oregon, the strength of the progressive movement limited legislative capacity to maintain control over when popular veto points appeared in the tax policy process, while conflicts over the sales tax in Idaho gave rise to the opposite result: a precedent for the use of the emergency clause to implement new taxes immediately. Meanwhile, in Washington, this earlier period of institutional development failed to remove a key constitutional barrier to the adoption of the income tax, postponing that battle to the 1960s. In the following sections, I trace the differential consequences of each sequence of policy making for the functioning of popular veto points, beginning with the rejections of tax proposals in Oregon and Washington.

[23] The positive effects of policy sequencing were overwhelmed during this episode of tax reform by the fact that the sales tax was adopted closely on the heels of the poorly performing income tax and was further discredited by the political context in which it was adopted. Ross threatened that the sales tax was necessary to keep public relief offices open and even closed all state relief offices, depriving 80,000 Idahoans of relief for several days, to force the legislature to pass the tax. However, the governor quickly lost credibility when the District Federal Emergency Relief Administration official T. J. Edmonds told the Idaho press that the federal government had never authorized the closing of the public relief offices (Malone 1970, pp. 84–89). Even with substantial organized opposition, which placed the sales tax on the ballot for voter consideration, the sales tax was defeated by a fairly close margin (52% in favor of rejecting and 48% in favor of maintaining the tax).

TAX RELIEF THROUGH NEW TAXES: THE DEFEAT OF TAX REFORM IN OREGON AND WASHINGTON

The "two-legged stools" of the Oregon and Washington revenue systems had become increasingly shaky by the 1960s under the weight of new demands for public infrastructure and services. With little support from state governments, school districts in both states relied almost entirely on the local property tax to finance their growing budgets, yet taxpayers were becoming increasingly reluctant to pay higher property tax bills. By the mid-1960s, almost a quarter of all property tax revenue in Washington was being raised through special levies that had to be approved on an individual basis by local voters in order to fund school districts, essentially holding local school funding hostage to an annual vote that was growing harder and harder to justify (State of Washington Tax Advisory Council 1966). In Oregon, popular discontent with high property taxes sparked a campaign by the Oregon Home Owner's Association to constitutionally limit property taxes to 1.5% of market value. The proposed amendment would have reduced local government revenues by over $128 million, or approximately one-third of the revenue currently received from property taxes. Although the amendment never made it onto the ballot because of a court decision related to the signature threshold, the legislative tax study committee's 1967 report noted with some apprehension that the campaign reflected the "sincere desire of the people of Oregon to have their property taxes substantially reduced" (State of Oregon 1967, p. 79).

In response to these pressures, Oregon and Washington each engaged in two major—and ill-fated—episodes of tax reform during the 1960s and early 1970s (see table A2). In Oregon, long-standing Republican opposition to further increases in the income tax and Democratic reluctance to endorse a sales tax led to such perennial legislative deadlock and voter frustration that Republican Governor Tom McCall at one point proposed a "multiple-choice" ballot measure. Voters were to choose whether they wanted to raise $100 million in property tax relief through adopting the sales tax or increasing the income tax, until McCall was told the idea was not only unworkable but perhaps even unconstitutional (McCall 1977, pp. 89–90). In 1969, legislative Republicans finally marshaled the necessary votes for a 3% sales tax, which they chose to place on the ballot as a legislative referendum.[24] Although McCall gamely campaigned for the

[24] Although Oregon could not use the emergency clause to protect new taxes from referendum, no constitutional provision forced them to repeatedly use legislative referenda to decide tax policy, as they did during the 1960s and early 1970s. The obvious alternative was to simply pass a tax reform bill and hope that opponents would not be able to gather enough signatures to force a popular referendum. However, legislators were wary of building a biennial budget that relied on new tax revenue only to have the tax suspended and then

sales tax measure, many Republicans soon distanced themselves from the proposal in the face of developing voter opposition. The sales tax had support from the Oregon Farm Bureau and business interests, but it was opposed by Democrats, the Oregon State Grange, and the AFL-CIO. Even education groups were not enthusiastic about the way it had been structured, and the tax failed miserably at the polls (*Eugene Register-Guard* 1969*a*; Oregon Office of the Secretary of State 1969*a*).

A few years after the sales tax defeat, still searching for revenue sources that could provide property tax relief at the local level, Governor McCall joined legislative Democrats (most lawmakers in the governor's party opposed the plan) to pass a second legislative referendum that would substantially increase the state individual and corporate income taxes, impose a new business profits tax, and create constitutional limits to ensure that homeowners and renters would no longer have to pay any property taxes for school district operating costs. The measure received broader support than the sales tax had in 1969, drawing endorsements from the AFL-CIO and the Teamsters, education groups, the League of Women Voters, and both the Farm Bureau and the Oregon State Grange (Oregon Office of the Secretary of State 1973). However, the income tax package was heavily opposed by business groups and a group of Republican legislators and ultimately went down in defeat with just over 40% of the vote (Oregon Office of the Secretary of State 1973; *Salem Oregon Statesman* 1973*a*).

In Washington, tax reform efforts developed after the 1964 election of progressive Republican governor Daniel Evans, who favored amending the state constitution to authorize an income tax. In their first attempt at reform, between 1968 and 1970, reformers proposed a flat-rate income tax with deductions and exemptions to protect low-income families, limits on the property tax, and the reduction of the state sales tax from 4.5% to 3.5% (State of Washington Tax Advisory Council 1968). Democrats and labor groups were adamant, however, that they would support only a graduated income tax. The resulting compromise amendment imposed a single-rate tax but also authorized a graduated income tax, contingent on the future removal of the single-rate limitation during a separate vote of the people. Education groups, big-city mayors, and the Washington State Association of Counties endorsed the plan, but the state AFL-CIO Labor Council remained neutral and the plan was also opposed by the Associa-

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rejected, forcing them into a special legislative session to resolve budget shortfalls. Voters had demonstrated that they would support popular referenda drives on tax laws; during the decade preceding renewed tax reform attempts, all three of the laws referred to the ballot were tax measures adopted by the legislature, and all three were subsequently rejected by voters. Oregon election history is available on the Oregon Blue Book website at http://bluebook.state.or.us/state/elections/elections06.htm.

tion of Washington Businesses (Conant 1970; De Younge 1970; Scates 1970; *Seattle Post-Intelligencer* 1970*a*). The convoluted, double-barreled amendment failed by a two-to-one margin at the polls in 1970.[25]

A year later, in an effort to build a larger constituency for tax reform, Evans created a broad-based Committee for a New Tax Policy for Washington State, composed of legislators and a range of stakeholders from the education, business, labor, and agricultural communities.[26] The final package, eventually passed by the state legislature in 1973, attracted support from education groups, the state AFL-CIO, the Washington State Grange, and the League of Women Voters but was opposed by Republican legislators (Johnson 1973; Washington Secretary of State 1973). While the amendment had substantially simpler language than the one defeated in 1970, it received even less support: only 23% of voters favored it at the polls.

Empowered Tax Opponents and an Information Challenge

In Oregon and Washington, where lawmakers did not have recourse to legal techniques allowing them to dictate the sequence of tax policy making, protax groups faced rhetorical and material challenges in trying to provide voters with accurate information about tax proposals and persuade them of the benefits of new taxes. First, coalitions supporting new taxes struggled to attract funds, while opponents benefited from the largesse of constituencies whose interests were threatened by tax increases. The protax coalition in Washington during the 1970 campaign never managed to attract enough funds to widely distribute their campaign materials or buy advertising time on radio and television (*Seattle Post-Intelligencer* 1970*f*). Governor Evans admitted that an "invitation to business to contribute funds to support the proposal brought 'modest' and disappointing returns" (*Seattle Post-Intelligencer* 1970*d*). A month before the vote, he told reporters that the campaign did not have sufficient funds to pay for many newspaper or radio advertisements or any advertising on television. The campaign would have to be "carried on largely by word of mouth" since "we've got an army of workers willing to distribute materials, but we don't

[25] The Washington Secretary of State's website has a searchable database of all past ballot measures: http://www.sos.wa.gov/elections/results_search.aspx.

[26] Mary Ellen McCaffree, a former state representative who had chaired the previous tax advisory councils, was hired to spearhead new reform efforts. She proposed moving the tax policy design process out of the legislature to help win broader public support. Memo, Mary Ellen McCaffree to Governor Evans, September 20, 1971, box 3, "Director's files" folder, Committee for a New Tax Policy, Washington State Archives, Olympia, Washington (hereafter CNTP); State of Washington, Office of the Governor, Executive Order 71-05, October 13, 1971, box 1, "Director's files" folder, CNTP.

have money for the materials. It would be a tragedy if people were to vote in the dark" (*Seattle Post-Intelligencer* 1970*b*; Layton 1970). Similarly, in Oregon, businesses that would pay more in corporate income tax under the 1973 proposal for tax reform outspent the labor unions that provided most financial support for protax groups by a factor of more than two to one, with the bulk of this funding spent on advertising to persuade voters to defeat the plan (*Salem Oregon Statesman* 1973*a*).[27]

Second, because voters in Oregon and Washington had to vote on taxes they had never experienced, advocates were put in the position of educating the public on the ins and outs of changes to the revenue system. In addition to imposing new taxes, the complex tax measures on the ballot often involved changes to property tax rates, other taxes, and new formulas for distributing school revenues. This complexity lured protax groups into professorial roles. Their vocabulary was dominated by numbers and statistics—the jargon of policy experts—while moral appeals or clear illustrations of the relationship between new taxes and needed public investments were pushed to the side.[28] For example, consider the tortured efforts of a sales tax advocate in Oregon who wrote a newspaper column defending the tax: "It's easy to figure out how much this program will mean to you, and it doesn't take a lot of complicated charts and graphs to figure it out. Just take $6 and multiply it by each $1,000 of your assessed property valuation. The sum is roughly the amount of property tax relief you will receive if enough people join you in voting 'Yes' on June 3" (*Eugene Register-Guard* 1969*b*). Of course, to truly arrive at the total impact of the tax package, voters would also have to weigh this property tax relief against the amount they would pay in new sales tax—a task that required referring to additional charts.

Meanwhile, tax opponents benefited from a policy sequence in which voters had to make decisions on unfamiliar tax changes. In addition to contesting the claims of tax proponents, they at times deliberately spread misinformation about the effects of new taxes in order to generate doubt and opposition. During the 1970 campaign for the income tax in Washington, Governor Evans spent much of his time trying to beat back what

[27] The 1969 campaign in Oregon to adopt the sales tax appears to be an exception to this dynamic. The pro–sales tax coalition was made up mostly of businesses seeking property tax relief, and although they raised substantially more funds than the anti–sales tax coalition, they were unable to overcome voter distaste for the sales tax (Oregon Office of the Secretary of State 1969*b*).

[28] Graetz and Shapiro (2005, pp. 221–38) also develop this point in their account of the 2001 repeal of the federal estate tax, where they contrast the reliance of liberal groups on statistics and social science to demonstrate the regressive consequences of the repeal with the more successful personal stories and moral claims deployed by prorepeal groups.

he called misleading claims, including a brochure promoted by the Association of Washington Business that falsely stated the plan included no constitutional limits on tax rates (Scates 1970). Opponents of the 1973 income tax increase in Oregon seized on the uncertain estimates being disseminated by tax advocates, urging voters that if they did not know what the plan did, they should vote no (Stimmel 1973). But other tactics were bolder: one newspaper account of opposition strategies quoted a confidential source who said that the Association of Oregon Industries had commissioned a private survey that showed the special election results would hinge on the 20% of the electorate who remained undecided. The polling firm that conducted the survey allegedly told the industry group that opponents of the plan should rely on a strategy of confusing undecided voters about the plan in order to defeat it (Willis 1973).

Voters Fearing Change

Ultimately, the material and rhetorical disparities between pro- and antitax groups and voters' lack of direct information about new taxes produced a sense that the benefits of new taxes were uncertain while their costs may simply be too risky. Most importantly, not only did the complexity of tax measures lead tax advocates to focus on technical explanations rather than moral appeals, it also severely hampered their ability to present examples of how typical taxpayers would fare under the new tax regime. For instance, in the 1970 campaign in Washington, the *Seattle Post-Intelligencer* (whose editorial board endorsed the income tax measure) attempted to spell out the plan's effects in the days leading up to the election with a dizzying table titled "Fourteen Typical Family Examples of Tax Impact under the Proposed Reform" (1970*c*), but the relevant variables (income, number of children, home value) made calculating changes in individual tax liabilities more intimidating than straightforward. Newspaper analyses of the 1969 Oregon sales tax package also noted its complex, interlocking provisions and the difficulty of assessing how exactly individual taxpayers would know whether they benefited under the plan. A *Eugene Register-Guard* piece with the headline "Calculating Impact of Sales Tax Complex, Difficult" (Willis 1969) offered a table of projected sales tax payments by income level and family size but pointed out that the overall impact of the measure would depend on where a family lived and whether their property taxes would decrease enough to compensate for their new sales tax liabilities. Portland City Commissioner Frances Ivancie, who opposed the plan, labeled a vote for it a "calculated risk" and conducted a series of speaking engagements with the "Ivancie Calculator," a rubric that allowed families to calculate their new tax liability under the plan (*Portland Press Herald* 1969).

Opponents relied on a strategy of casting doubt on the efficacy of adding new taxes as a way to reduce the overall burden. Could voters really be sure they would be "winners" under the new law? Or might they end up paying more? After all, antitax groups pointed out, it was hard to believe that taxpayers would pay less after voting to authorize an entirely new type of tax. For a public already frustrated with years of increases in the local property tax—the very problem that had prompted tax reform—these intimations were well pitched to introduce suspicion and uncertainty about the overall impact of tax proposals. During the 1970 campaign, antitax groups in Washington relied on a slogan of "Tax reform spells tax increase" and a strategy of simply repeating that the proposed amendment would add new taxes, implying that every taxpayer would be worse off under the new plan (Committee for Truth in Taxation 1970). In one set of "pro/con" columns in the *Seattle Post-Intelligencer* during the 1973 campaign, the protax columnist argued that "75 per cent of all Washington taxpayers will pay lower taxes next year when HJR 37 passes." Not so fast, replied his opponent: "According to the highly respected Washington State Research Council, HJR 37 means immediate tax increases for at least half of the state's taxpayers. Within a few years, it will mean substantial tax increases for all citizens in our state" (*Seattle Post-Intelligencer* 1973).

Reformers in Oregon launched heroic efforts to dispel voter uncertainty around the effects of the 1973 tax package, but their attempts only illustrated the challenge of inspiring confidence in voters facing an unfamiliar tax regime. The plan included so many interlocking variables that general statements about the impact of the overall proposal were difficult to communicate, sparking headlines only a month before the vote such as "Typical Tax Example Elusive" and "McCall Tax Plan Confusing to All but Experts" (*Salem Oregon Statesman* 1973*b*; *Portland Oregon Journal* 1973*a*).[29] Even the campaign materials distributed by Tax Relief NOW, the main coalition supporting the tax changes, displayed a contorted wording implying that a vote for tax reform amounted to little more than a roll of the dice. One pamphlet, aimed at senior citizens, carried the less-than-persuasive headline "Senior Citizens: A 'Yes' Vote on May 1 Means You Will Probably Pay LESS Taxes." A pamphlet aimed at small businessmen was even less convincing, stating that a yes vote "Will Almost Certainly Help YOU."[30] In order to counter confusion about the plan's ef-

[29] Newspaper clippings, "Tax Plan March–April 1973 #4" folder, container 62, Tax Plan 1972–1974, Governor Tom McCall Administration, Oregon State Archives, Salem, Oregon (hereafter TMA).

[30] Pamphlets, Tax Relief NOW, n.d., ca. 1973, "Tax Plan March–April 1973 #4" folder, container 62, Tax Plan 1972–1974, TMA.

fects, Governor McCall took the radical step of establishing a tax plan information "hotline" at the Department of Revenue that provided callers with personalized estimates of changes in their tax liability.[31] Almost 20,000 calls were received during the two-week period when the phone line was operative, including 850 calls on the day before the election. According to worksheets and records kept by phone line operators, about three-quarters of both individual and business taxpayers who called in would have seen a decrease in their overall taxes under the plan.[32] Of course, despite these unprecedented efforts to communicate the plan's effects to voters, even such a large number of callers constituted only about 3% of the overall number of voters in the May election.

Public opinion polls in Washington and Oregon indicated that a substantial share of the electorate remained undecided about tax measures in the months leading up to the election. In Washington's 1970 campaign, both tax opponents and advocates reported that polls showed that about 30% of voters remained undecided about the income tax a month before the election (Layton 1970; *Seattle Post-Intelligencer* 1970*e*). In 1973, the share of undecided voters in Washington was lower, but still at 12% two months before the election. Crucially, a full 39% of respondents reported that they thought an income tax would cost them more, compared to only 13% who thought an income tax would provide tax relief (Parks 1973). And in Oregon's 1973 tax measure, one confidential poll reportedly put the share of undecided voters at 20% two months before the election, although the industry group that had commissioned the poll disputed that these figures had been accurately reported (Willis 1973).[33]

With opponents focusing on the uncertain impacts of new tax proposals and proponents presenting table after table of facts and figures, voters were unsure whom to trust, and this feeling translated into opposition to new taxes. In an editorial discussing the 1973 income tax amendment in Washington, the *Tacoma News-Tribune* threw up its hands at the public debate over the effect of the law, writing that "Arguments pro and con are voluminous and have tended to deteriorate into an 'it will; it won't'

[31] The use of official resources to provide citizens with information about the ballot measure infuriated income tax opponents, but McCall defended the phone line as an appropriate extension of the Department of Revenue's responsibility to provide assistance to taxpayers (*Eugene Register-Guard* 1973; *Portland Oregon Journal* 1973*b*). Newspaper clippings, "Tax Plan March–April 1973 #4" folder, container 62, Tax Plan 1972–1974, TMA. Letter from C. H. Mack to George P. Renner. May 17, 1973. "Tax Plan March–April 1973 #4" folder, container 62, Tax Plan 1972–1974, TMA.

[32] Oregon Department of Revenue, "Hot Line Production Information," April 30, 1973, "Tax Plan March–April 1973 #4" folder, container 62, Tax Plan 1972–1974, TMA.

[33] Newspaper clippings, "Tax Plan March–April 1973 #4" folder, container 62, Tax Plan 1972–1974, TMA.

controversy" (1973). The paper then recommended rejection of the ballot measure. Ultimately, voters simply did not believe that new taxes would bring benefits. Expressing distrust of the promises of sales tax advocates, one Oregon citizen wrote Governor McCall in 1969, warning that "the retired people of this area are not in favor of your 'Sales Tax' plan." He continued, "They feel that this plan would only prove to be an additional tax, and would not lower property taxes in an amount that would offset the sales tax."[34] Summing up the fight over tax reform in the months leading up to the 1973 election, Shelby Scates, political columnist for the *Seattle Post-Intelligencer*, wrote that the "highly complicated ballot measure . . . presented a fat target" for opponents, who "had only to create a fear of higher taxes as a result of the tax revision in the present antitax climate: a fear proponents of the tax plan had trouble countering" (1973). In short, the sequencing of political debates over tax measures in Oregon and Washington repeatedly produced a sense that new taxes would be costly and only potentially beneficial, leading to persistent defeats at the ballot box during the 1960s and early 1970s. How did a different sequence give rise to different perceptions in Idaho?

LETTING VOTERS "TASTE" NEW TAXES IN IDAHO

As in Oregon and Washington, discussions around tax reform in Idaho were prompted by rising government expenditures during the late 1950s and early 1960s, and reform was ultimately championed by a progressive Republican governor. First elected in 1954, Governor Robert Smylie initially opposed the sales tax, which he felt he could not enact without a Republican majority in the state legislature. Smylie clashed at times with the more conservative wing of his party (for instance, supporting Rockefeller over Goldwater in the 1964 Republican presidential primary) but took steps to repair this relationship prior to the 1964 election by initiating a series of meetings with legislative leadership to discuss prospects for the sales tax. Smylie and his party came to a "gentlemen's agreement" at the meeting that he would finally champion a sales tax and back up Republican legislators who were wary of becoming lightning rods for the issue without gubernatorial support, as had occurred in past sessions. After Republicans made gains in the 1964 election, handing them a legislative majority, Smylie decided to include a pro–sales tax message in his state of the state speech (Stapilus 1988, pp. 251–52; Smylie 1998, pp. 198, 200; Smallwood 2007, pp. 127–30).

[34] Letter, Harold Ayres to Governor McCall, February 1, 1969, folder "Sales Tax A–Z," box 107, Administrative Correspondence, TMA.

Debates over Sequence

The sequence that tax policy making would follow in Idaho was a point of contention from the start. The centerpiece of the governor's "New Day for Idaho" agenda, presented in an ambitious state of the state address to the legislature, was a substantial increase in school aid, with the goal of meeting half of school district costs at the state level, to be financed by a 3% sales tax (Corlett 1965*e*). Opposition to the sales tax plan came from border counties where residents worried that they would lose their local advantage over Washington (which had the sales tax) and put them at a disadvantage compared to Oregon (which still did not have the sales tax). Discussion of a possible referendum petition began quickly, with Democratic Senator Don Frederickson predicting that if a sales tax passed the legislature, it would be put on the ballot and defeated. "If Oregon can do it, we can do it, too," he told the *Idaho Daily Statesmen* (1965*n*), referring to a recent defeat of the sales tax in an Oregon election. As debate progressed in the state legislature over the sales tax, Senate President Jack Murphy pushed an alternative plan that called for placing the tax on the ballot and letting voters, rather than legislators, decide whether the tax should be adopted. Some senators—those reluctant to vote for a sales tax, as well as Republicans like Murphy who feared that they would do poorly in the 1966 election if the sales tax were also on the ballot—were concerned that if the legislature passed the sales tax and authorized a budget anticipating increased revenues, a successful effort to refer the law to the ballot would halt revenue collection, leaving the legislature with no recourse but to cut the budget or raise new taxes. Murphy proposed amending referendum law to authorize a special election in May 1965 that would settle the issue in time for a special session during the summer of 1965, if necessary (Corlett 1965*a*, 1965*f*).

Smylie was strongly opposed to this method, which he felt would kill the sales tax. He was convinced that the only way to guarantee public support for the tax would be to let people see how the tax benefited them by generating revenues for services they wanted. "'We're going to put the turkey on the table and then we're going to give them the knife,' he said. 'We're going to let it sit there until 18 months [after it became law] have gone by and they're going to be able to look at that turkey and know how good it's going to taste'" (Stapilus 1988, pp. 252–53). Opponents of the early-referendum plan argued that revenue collection could continue in the face of a successful referendum campaign if the sales tax legislation included an emergency clause similar to the one included in the sales tax bill passed by the 1935 legislature (*Idaho Daily Statesman* 1965*j*, 1965*k*). After fierce debate and much stalling by opponents of the emergency clause plan, Smylie's faction won out and the sales tax bill passed by the Idaho House in February 1965 included an emergency clause, as well as $26 million in income and property tax relief (*Idaho Daily Statesman* 1965*b*; Morrissey 1965). The school aid appropriation that passed the legislature in the last hours of its session allocated a record $60.8 million to public schools (*Idaho Daily Statesman* 1965*i*).

Starting with the Same Problems: Complexity and Confusion

However, it was not immediately clear that this policy making sequence would alter the politics of tax reform in Idaho. First of all, as in Oregon and Washington, the design of the sales tax package was fairly complex, setting up the possibility that advocates would again be cast in the role of teachers struggling to hold the attention of an audience of suspicious taxpayers. Although we often think of the sales tax as simpler than the income tax, Idaho taxpayers' lack of familiarity with the sales tax and the complex nature of the entire tax package in which it was contained initially made the sales tax appear complicated to Idaho voters. Legislative debate had to hammer out a multitude of technical issues related to the sales tax's operation, including whether it would apply to services as well as goods, if any exemptions should be granted for particular groups such as seniors or veterans, and how to treat goods such as cigarettes and oleomargarine that were already subject to an excise tax. A "Q and A" column in the *Idaho Daily Statesman* (1965*n*) published as the House was debating the sales tax bill revealed some of this complexity. For example, the tax would apply to the retail sale of newspapers but not to the purchase of advertising space in newspapers. It would apply to the rental of hotel rooms (although not if the rental period was longer than 30 days) but not to home rentals. Seeds and fertilizer were considered production inputs exempt from the sales tax, but tractors or other vehicles purchased by farmers to harvest those crops were not exempt. Estimating the overall impact of the tax plan for individual taxpayers was also difficult; as was the case in Oregon and Washington, the new tax was accompanied by tax relief provisions delivered through the income tax and the property tax. Revenue from the sales tax would be distributed to school districts through a newly revised school aid formula, which meant that taxpayers were also unsure how exactly their tax dollars would end up benefiting their local schools or whether they would simply be subsidizing districts on the other side of the state.

Sales tax opponents took advantage of these complexities in their campaign to put the sales tax on the ballot, prompting pro–sales tax groups to complain that opponents were already spreading misinformation about how the sales tax would operate. Idaho referendum law allows 60 days following legislative adjournment for the filing of enough signatures to refer a law to the ballot, and the Anti–Sales Tax Referendum Committee, led by small businessman Tobe Massingill, launched its campaign immediately, forming county-level committees to coordinate signature gathering across the state (Corlett 1965*d*; *Idaho Daily Statesman* 1965*a*). Republican Representative Orval Hansen, who supported the sales tax, called for the creation of "truth squads" that could counter arguments being spread by anti–sales tax activists that only a small portion of the sales tax revenue would go toward education (*Idaho Daily Statesman* 1965*g*). The *Idaho Daily Statesman* editorial page, a stalwart supporter of the sales tax, chimed in with an editorial titled "Truth Squads? Aye" (*Idaho Daily Statesman* 1965*m*).

Although sales tax supporters mobilized to defend the new law, it was also not clear that they would be able to counter the momentum of the anti–sales tax movement. Pro–sales tax organizing took place through the Forward Idaho Committee, headed by R. F. Pasley, president of the Idaho Department Store Company, and its campaign primarily focused on discouraging Idahoans from signing the referendum petitions (*Idaho Daily Statesman* 1965*h*). The committee purchased advertisements in the *Idaho Daily Statesman* with the bold headline "A Simple Request . . . DON'T DO ANYTHING!" (Forward Idaho Committee 1965). Pasley also tried to deliver a more positive message, calling attention to specific benefits the tax revenue would enable, such as expanded library budgets, more summer courses, money for instructional supplies, upgraded building maintenance programs, and increases in teacher salaries that could reduce turnover (*Idaho Daily Statesman* 1965*l*). Despite these efforts, anti–sales tax sentiment was high in border counties where opposition to the tax had only been reinforced by its passage. A full week before the state deadline, Massingill's group had delivered enough verified petition signatures to the Secretary of State to ensure the referendum's place on the 1966 ballot (*Idaho Daily Statesman* 1965*d*).

In mid-May 1965, with the sales tax bill referred to the ballot and pro- and antitax groups trading assertions of what the sales tax would or would not do, tax politics in Idaho therefore appeared very similar to those that would develop in Oregon and Washington a few years later. How, then, did a majority of Idaho voters support the sales tax in the subsequent election while similar tax reform packages failed repeatedly in Oregon and Washington? The key difference between the campaigns that developed in these states lay in the fact that the disputed sales tax was implemented in Idaho a full 16 months prior to the election that would decide its fate. The emergency clause that the legislature had included in the sales tax bill meant that no number of petitions or signatures could stop the collection of sales tax revenue that began in Idaho on July 1, 1965.

Putting Tax Opponents on the Defensive

First, the immediate implementation of the new tax amplified the rhetorical resources available to advocates and put tax opponents on the defensive. Unlike their counterparts in Oregon and Washington, who struggled to speak in moral terms about the benefits of public investment, tax proponents in Idaho seized the rhetorical high ground early in the debate over sales tax retention. The protax coalition, composed primarily of educators, corporate interests, and legislators from both parties, equated the sales tax with progress for Idaho, describing it as the key to building a modern state.[35] Defending the sales tax in the months before the 1966 election, Smylie argued that "it will take money—not mothballs—in the state treasury to build the Idaho of which we all dream" and called the sales tax "the coronary artery of progress" (*Idaho Daily Statesman* 1966*e*). In a similar vein, the Student Idaho Education Association, which endorsed retention of the sales tax in the election, called the tax "an investment in the future of Idaho" (*Idaho Daily Statesman* 1966*g*). In making these arguments, the protax coalition sought to cast opponents of the sales tax in the role of opposing progress and modernization. According to advocates, antitax groups did not just stand in the way of this progress; rather, they were trying to roll back progress that had already been made and return Idaho to the days of subpar school funding.

In addition, implementing the sales tax before a vote on its retention meant that revenue poured into state coffers between July 1965 and November 1966, allowing the state to redistribute the funds to schools at higher levels than at any other point in Idaho history. Rather than speaking prospectively about the benefits the sales tax would deliver, advocates such as the Parent-Teacher Association and the Idaho Education Association identified the specific benefits new funding had already delivered to schools, emphasizing that it had helped reduce teacher turnover through increased

[35] Republicans, who held a majority in both chambers, provided the primary basis of legislative support for the sales tax. However, Smylie would go on to lose a gubernatorial primary contest to anti–sales tax Republican Don Samuelson. The Democratic nominee Charles Herndon refused to take a position on the tax, prompting the pro–sales tax Republican Perry Swisher to enter the race as an independent in order to have a sales tax advocate on the ballot for governor. When Herndon was killed in a plane crash during the campaign, Democrats nominated sales tax supporter Cecil Andrus despite having refused to endorse the tax in their party platform.

salaries, enabled the purchase of better equipment, and helped build school facilities such as libraries and laboratories. John Corlett, political columnist for the *Idaho Daily Statesman*, had anticipated the benefits of this sequence, arguing while the referendum option was still being debated that if the tax were implemented immediately, “the people would have a chance to see in operation the programs financed by the sales tax and the accompanying reductions in income and property taxes. The tax, the programs and the tax relief *could not be separated* in the full issue” (Corlett 1965*b*; emphasis added).

The Forward Idaho Committee that spearheaded the pro–sales tax campaign relied on a double message of highlighting the benefits of new revenue for schools while warning of the dire consequences of its elimination, particularly for school children and teachers. One newspaper ad with the headline “Save Our Schools!” included text that read, “Our children are Idaho’s most important crop. The Sales Tax is the best and fairest way to provide the education Idaho’s children must have for a productive future” (Forward Idaho Committee 1966*a*). The following day, on the eve of the election, the Forward Idaho Committee ran another ad with a picture of two small children clutching school books, looking up at the camera with the slogan “S.O.S.! Save Our Schools! Save Our State! Save Our Selves!” emblazoned below their image (1966*b*). Arguments by protax groups did not merely posit a relationship between the sales tax and benefits to school districts. Instead, they cited evidence of specific improvements made possible by sales tax funding over the past 16 months and highlighted the consequences of retracting this funding.

Finally, implementing the sales tax prior to a vote on its retention gave voters direct, personal information about how the tax operated, making it seem less complex and hampering tactics of misinformation applied by antitax groups. Many of the dire predictions made by sales tax opponents simply did not come true during the time that the sales tax was in effect before the 1966 election. A study undertaken by the legislative Interim Tax Study Committee and released in September 1966 found that the sales tax had not produced any negative impacts on the border counties where it had been most vehemently opposed (Robison 1966). The University of Idaho economist who completed the border study for the committee tracked economic activity in the border counties for two years prior to the adoption of the sales tax and the year following its implementation and found that retail sales were unaffected by the new tax. In some cases, worries about the impact of the sales tax on business were also balanced out by the benefits the tax helped secure. For example, in the border county of Latah—which lost its comparative advantage with Washington when the sales tax was implemented—the University of Idaho received an influx of funding from sales tax revenue, generating local support for the tax's maintenance (Corlett 1966).

Maintaining the Benefits of New Taxes

Ultimately, the policy making sequence implemented in Idaho redefined the "status quo," putting opponents in the position of having to come up with alternatives should the tax be defeated. Supporters of sales tax retention warned that repeal would mean "drastic increases" in the state income tax and property taxes (*Idaho Daily Statesman* 1966*a*). The protax *Idaho Daily Statesman* published an editorial a few weeks before the election outlining the financial turmoil it believed would ensue if the tax were repealed, even suggesting that taxpayers would have to make additional, retroactive income tax payments for the years in which the sales tax had been in effect. The paper warned against the "bleak but real prospects which Idahoans would face if they chose to repeal the sales and use levy" and urged voters to "consider this chaotic potential before marking their ballots" (1966*f*). One week before the election, Wayne York, executive secretary of the Idaho Education Association, cautioned that "if the sales tax is repealed on Nov. 8, the exodus of school teachers will make the famed California gold rush look like an old-fashioned sack race" (*Idaho Daily Statesman* 1966*b*). Paradoxically, a policy making sequence that allowed the immediate implementation of the new sales tax ended up allowing protax coalitions to cast the repeal advocates as defenders of higher taxes and, even more importantly, enabled them to emphasize the uncertain landscape of a state in which the sales tax had been rejected.

By the time the 1966 vote loomed, Idaho taxpayers seemed to have largely accepted that the sales tax would remain part of their lives. Polls repeatedly showed the measure enjoying majority support (*Idaho Daily Statesman* 1966*c*, 1966*d*). Strikingly, it seems that in contrast to Oregon and Washington, the share of respondents undecided about how they would vote on the sales tax remained low; one poll conducted in Idaho's five largest cities found that the share of undecided voters peaked at 4.5% in the week before the election (*Idaho Daily Statesman* 1966*d*). After a year and a half of living with the sales tax and enjoying its benefits, a majority of Idahoans simply did not care to go back to a pre–sales tax state. One Idaho farmer may have summed up the mood of the electorate when asked his opinion of the sales tax during the week of the election: "I guess it's sort of like castor oil. It seems—like medicine—we have to have a tax. It's just a matter of how we want to take it" (Reese 1966). Voters endorsed the sales tax at the polls even when they also chose anti–sales tax Republican candidate Don Samuelson for governor.

THE IDAHO PARADIGM FOR TAX REFORM?

A policy making sequence in which voters "tasted" new taxes before heading to the polls cultivated popular support for new taxes not only in Idaho but also in the four other states where this sequence prevailed during the 1960s and early 1970s. In Maine, Massachusetts, Nebraska, and Ohio, a policy sequence in which new taxes were implemented before a vote on their retention consistently produced voter endorsements of new taxes at the polls. As in Idaho, policy makers in these states actively strategized over how to control when popular vetoes would appear in the policy sequence. Ohio's constitution protects tax levies from popular referendum, allowing revenue collection from the new income tax to begin just a few weeks after it was signed by the governor (Havighurst 1972; Penniman 1980). After much debate, lawmakers in Nebraska, Maine, and Massachusetts attached "emergency clauses" to their respective tax laws so that these taxes could go into effect immediately even pending a referendum (Micciche 1966; Maine State Legislature 1969; Luebke 1990, p. 112). Although tax opponents in these states still pursued repeal measures, they could not prevent new taxes from going into effect first and creating a new status quo of higher revenues.[36]

This sequence produced a familiar pattern in which protax coalitions used direct evidence of the benefits secured by new tax revenue to trumpet the tax as a success and warn in colorful terms of the dire effects of repeal. For example, in Ohio, tax advocates highlighted how new income tax revenue helped fund local schools, many of which they said may have to close if the tax repeal were successful (*Plain Dealer* 1972*a*, 1972*b*). The protax coalition used the threat of repeal to generate funding for advertisements supporting the income tax's retention, while antitax groups struggled to fund-raise (Caldwell 1972). Similarly in Nebraska, income tax supporters quickly warned that abolishing the new tax would lead to sharp increases in local taxes and would eliminate state assistance to school districts, municipalities, and counties (*Lincoln Star* 1968*a*, 1968*b*). Contestation over the "true" impact of the income tax raged, with the pro–income tax Nebraska Tax Facts Committee arguing that Nebraskans would support the tax if they were informed of its benefits and the anti–income tax groups charging that supporters were attempting to "brain-

[36] The anti–sales tax coalition in Massachusetts pursued a popular referendum to repeal the new tax, while tax opponents in Ohio and Nebraska sought constitutional amendments that would outlaw an income tax in the state constitution. According to Maine law, emergency laws can be overturned only by citizen initiative, in which a law is put on the ballot for voter referendum only once the legislature refuses to reconsider or amend it (see art. 4, pt. 3, sec. 18, of the Maine constitution). Maine antitax activists pursued this route, which is why a vote to repeal the state income tax did not occur until more than two years after the tax's adoption.

wash" Nebraska voters (Falloon 1968; *Lincoln Star* 1968*a*). Beginning in January 1966, months before the sales tax was adopted in March, Massachusetts governor John Volpe worked closely with the state commissioner of corporations and taxation to develop detailed plans for the implementation of the sales tax so that collection could begin a few weeks after passage. Volpe hoped to get ahead of any referendum effort by disbursing the first round of new revenues to local governments before a November vote, and in fact this revenue started flowing to cities and counties in September (Kilgore 1987, p. 146). Finally, in Maine, the protax coalition of "teachers, municipal officials, the elderly, unions" focused on a message that "repeal of the income tax, depriving the state of $64 million in revenues, would be a disaster. Property taxes would soar. Vital state services would be lost" (Lipez 1974, p. 97). In all four states, voters ultimately defeated repeal attempts and endorsed new taxes at the polls, having already experienced the benefits of new revenue for at least several months prior to the vote.

Another indicator that sequence not only mattered for tax politics but was the source of much strategizing by tax reformers comes from a lawmaker who did not have access to the tools employed in states like Idaho. In his autobiography, written a few years after his income tax package failed at the polls, Governor Tom McCall of Oregon lamented that "with such a complex program [as the 1973 income tax proposal], it is almost impossible to have an intelligent vote." Rather, he suggested that a "rational alternative might be a constitutional amendment which would empower the governor and the legislature to put the new tax into effect for a trial period. It could then be fairly evaluated at the next general election. This is probably the only way such complicated tax programs can be explained to the people" (McCall 1977, p. 177). During the 1969 legislative debate over the sales tax in Oregon, Representative Donald Husband from Eugene actually suggested that the sales tax bill should include a provision implementing the tax 90 days after the legislature's adjournment in 1969, while simultaneously referring the bill to the ballot in May or November of 1970. Husband argued that knowing the bill was destined for the ballot could help forestall any referendum campaign (which would have the effect of suspending the law) and would therefore allow taxpayers to "test the sales tax before they voted on it" (Harvey 1969). Whether or not Husband's plan would have met legal scrutiny, it was never taken up by the legislature. And a few months later, as prospects for the sales tax the legislature had placed before the voters already looked extremely dim, the House voted down a separate bill that would have allowed emergency clauses to be attached to tax legislation (*Eugene Register-Guard* 1969*c*). Oregon voters, like their peers in Washington, would not be able to "taste" new taxes before casting ballots determining their fate.

CONCLUSION

The trajectories of tax reform campaigns in these northwestern states have implications that stretch far beyond their parochial origins. First and foremost, I have argued that only by analyzing the timing of the popular veto in a larger sequence of policy making can we make sense of the perplexing role of these popular veto points during a critical period of tax reform: sometimes making changes to the status quo more difficult while sometimes ratifying bold departures from current practice. My analysis demonstrates that American willingness to say yes to new taxes during the 1960s and 1970s was a function of specific social and political processes following from the timing of popular veto points, not merely an automatic feature of voter psychology.

Future work will profit from continuing to interrogate the social and political scaffolding on which voter perceptions of the costs and benefits of taxation are constructed, in the manner of literature on "policy crafting" that has shown how profoundly public opinion is shaped by the techniques of policy advocates. For instance, future work should investigate whether certain policy domains are more amenable than others to the cultivation of a sense of loss aversion on the part of the public, particularly when popular veto points are a possibility. As Patashnik and Zelizer (2013) emphasize in a recent article examining the Affordable Care Act and Dodd-Frank financial reform legislation, there are important limits on the ability of policies to remake politics, yet the conditions under which positive feedback is likely to succeed or fail have been underanalyzed. Popular vetoes at the state level could be used as a testing ground to evaluate, for instance, whether tax adoptions are more likely to generate positive feedback than other types of policies also subject to the initiative and referendum.

Another important finding of my analysis is that voter support for new taxes during the 1960s and early 1970s did not hinge on the type of tax proposed; both income and sales taxes were adopted (and rejected) at the polls during this period. This result complicates an emerging consensus in fiscal-sociology literature that "visible," progressive taxes on property and income seem to provoke more public resistance and weaken support for the welfare state while less visible taxes on consumption provide a more popular, stable foundation for welfare state expenditures. The exact nature of the mechanisms linking visibility and resistance remains a topic for additional investigation (Prasad 2012, pp. 148–52), and future research could exploit state-level variation in tax structure to test whether the relationship between tax progressivity and welfare state generosity found in cross-national comparative work holds at the subnational level. More broadly, such research should parse how linkages among tax structure, visibility, and public opinion are assembled over time and in the context of specific episodes of reform. While my research suggests that neither business groups nor labor unions were responsible for the outcomes of a set of popular votes on new taxes during the 1960s and early 1970s, additional research should investigate the ways in which state tax structures have been shaped by organized constituencies at other key historical junctures, as other scholars have done at the national level (e.g., Mehrotra 2004; Graetz and Shapiro 2005; Prasad 2012).

Finally, I have also argued that the use of emergency clauses and other limits on the popular referendum should be viewed as a deliberate strategy deployed by policy makers to resolve Americans' ambivalence toward the fiscal imperatives of the activist state in favor of higher revenues. Perhaps because these strategies—and the threat of popular vetoes—are specific to state-level policy making, they have received little attention from scholars seeking to explain the development of the American state and its fiscal foundations. Yet the case of postwar tax adoptions aptly demonstrates the crucial role that states have played in American state building. Some, but not all, states were able to adopt major new taxes during the 1960s and early 1970s in order to support a state-level social infrastructure promoting middle-class economic security, particularly through increases in state school aid and expansions of higher-education institutions. The manner in which state governments generate (or fail to generate) revenue helps determine the shape of social provision in the United States as well as define the limits of activist government. Today, about 40% of Americans pay more in state and local taxes than they do in federal taxes (Citizens for Tax Justice 2013, p. 2), and a substantial share of social welfare spending—about 38% before the recent recession—is financed out of state and local revenue sources (Gais, Bae, and Dadayan 2007).

These findings suggest that high reliance on the progressive federal income tax is not the only feature of the American fiscal state that has frustrated state-building ambitions, and future work should train its attention on detailing the precise ways in which fiscal federalism has shaped the American state. Scholarship should also examine what other techniques state-level policy makers have deployed at particular moments to resolve this ambivalence and the consequences of these local and historical choices for the structure and capacity of the American state. Can the use of different sets of techniques of fiscal mobilization, for instance, help explain regional differences in tax reliances in the United States that have received relatively little attention from social scientists? Greater attention to these political venues from sociologists and historians holds important promise for scholarship on the shape of the American state and the trajectories of activist government at all levels.

APPENDIX

Note on Archival Sources

The following archival sources are cited by abbreviation in the footnotes.

CNTP: Committee for a New Tax Policy, Washington State Archives, Olympia, Washington. This collection contains correspondence between Committee Director Mary Ellen McCaffree and state officials, minutes from committee meetings, copies of reports filed with the committee, clippings from periodicals, pamphlets created to display committee recommendations, and some copies of legislative reports on tax reform.

TMA: Governor Tom McCall Administration, Oregon State Archives, Salem, Oregon. This collection contains extensive records of the governor's administration, including extensive documents related to his tax reform efforts from 1972–74 such as reports from the School Finance Task Force, press clippings, correspondence between Governor McCall and the Department of Revenue, press releases, copy for radio advertisements, and log sheets for the tax hotline. Less material is available on the 1969 sales tax, although correspondence between the governor and citizens is included, as are a few press clippings.

TABLE A1

State Votes on New Taxes, 1966–73

	Type of Tax Proposed	Tax Implemented before Vote?	Date Effective	Date of Vote	Nature of Ballot Measure	Vote Results
Idaho	Sales tax	Yes	July 1965	November 1966	Popular referendum repealing sales tax	Tax retained (52% in favor)
Massachusetts	Sales tax	Yes	April 1966	November 1966	Popular referendum repealing sales tax	Tax retained (67% in favor)
Nebraska	Income tax	Yes	January 1968	November 1968	Popular initiative proposing constitutional amendment prohibiting income tax	Tax retained (64% in favor)
Oregon	Sales tax	No	NA	June 1969	Legislative referendum on adoption of sales tax	Tax rejected (11% in favor)
South Dakota	Income tax	No	NA	November 1970	Popular initiative to adopt the income tax	Tax rejected (39% in favor)
Maine	Income tax	Yes	July 1969	November 1971	Popular referendum to repeal income tax	Tax retained (75% in favor)
Montana	Sales tax	No	NA	November 1971	Legislative referendum on adoption of sales tax	Tax rejected (30% in favor)
Ohio	Income tax	Yes	January 1972	November 1972	Popular initiative proposing constitutional amendment to repeal income tax and ban future graduated income taxes	Tax retained (69% in favor)
Washington	Income tax	No	NA	November 1970 November 1973	Constitutional amendment adopting the income tax	Tax rejected (32% in favor in 1970 and 23% in favor in 1973)

Note.—Sources for information in table: Idaho: Corlett 1965*f*; Idaho Secretary of State website, http://www.sos.idaho.gov/elect/inits/inithist.htm. Massachusetts: *New York Times* (1966); Massachusetts Secretary of State website, http://www.sec.state.ma.us/ele/elebalm/balmpdf/balm1966.pdf. Nebraska: *New York Times* (1967); Nebraska Legislative Council (1968, p. 110). Oregon: Oregon Blue Book website, http://bluebook.state.or.us/state/elections/elections06.htm. Maine: *New York Times* (1969, 1971); Maine State Law and Legislative Library website, http://www.maine.gov/legis/lawlib/inivot.htm. Ohio: Havighurst (1972); *New York Times* (1972); Ohio Secretary of State website, http://www.sos.state.oh.us/sos/elections/Research/electResultsMain/1970-1979OfficialElectionResults/GenElect110772.aspx. South Dakota: Clem (1971). Available from the Digital Library of South Dakota, http://dlsd.sdln.net/cdm4/document.php?CISOROOT=/usdpub&CISOPTR=366&CISOSHOW=358. Montana: Montana Secretary of State (1971, p. 111); available online from the Montana State Library, http://archive.org/details/suppelectionlaws1971montrich; Montana Secretary of State website, http://sos.mt.gov/Elections/archives/2010s/2012/initandref2012tbl.pdf. Washington: Washington Secretary of State website, http://www.sos.wa.gov/elections/results_search.aspx.

TABLE A2

Tax Reform Votes in Idaho, Washington, and Oregon during the 1960s and 1970s

	Tax System Entering the 1960s	Sequence of Tax Policy Making	Outcome of Tax Votes during the 1960s and Early 1970s
Idaho	Income tax (adopted 1931)	State Supreme Court decision in 1935 authorizes "emergency clause" allowing a tax to stay in effect even if it is referred to the ballot	Sales tax adopted by legislature (1965) and ratified by voters (1966)
	Property tax	Tax implemented prior to vote	
Oregon	Income tax (adopted 1930)	State constitution prohibits use of the emergency clause to protect tax laws from referendum	Sales tax referred to ballot by legislature and defeated by voters (1969)
	Property tax	Popular vote took place before tax could be implemented	Major income tax increase referred to ballot by legislature and defeated by voters (1973)
Washington	Sales tax (adopted 1935)	Constitutional amendment required to authorize the income tax	Income tax amendment adopted by legislature and defeated by voters (1970 and 1973)
	Property tax	Popular vote took place before tax could be implemented	

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