

# Forbes

## It's a Dumb Scandal, But Taxing Christmas Trees Is Also Dumb

Timothy B. Lee  
11/9/11

My Twitter feed is atwitter today over [this post](#) about the Obama administration's proposal to assess a 15-cent tax on Christmas tree sales. The tax would go to a fund that the Christmas tree industry would use to run advertising promoting Christmas trees. After some negative publicity, the USDA says it's [delaying implementation](#) of the tax.

Obviously, the "war on Christmas" spin some conservatives have been giving this story is ridiculous. As various folks have pointed out, this concept has been under discussion since the Bush administration, it's supported by most Christmas tree growers, and I doubt President Obama had anything to do with it.

Still, I've been disappointed by the number of people on the left who have gone beyond rebutting idiotic partisan spin to actually defend the proposal on its merits. For example, several people have linked to [this piece](#):

According to a statement issued by the group, there are at least 18 programs already in effect for other agricultural commodities under the Commodity Promotion, Research and Information Act of 1996.

"This program was requested by the industry in 2009 and has gone through two industrywide comment periods during which 565 comments were submitted from interested parties," the National Christmas Tree Association said in a statement, adding that nearly 90 percent of the state and multi-state associations who commented on the program supported it.

"The program is designed to benefit the industry and will be funded by the growers at a rate of 15 cents per tree sold," the release states. "The program is not expected to have any impact on the final price consumers pay for their Christmas tree."

But some conservatives aren't letting the facts get in the way of an awesome headline.

The "18 programs" referred to here are industries like milk, dairy, and eggs where taxes are levied to support generic ad campaigns like the dairy industry's famous "Got Milk" spots. These campaigns are a waste of money, and I see no reason for the government to be levying the taxes to support them. Such campaigns are particularly unfair to **niche producers** who seek to differentiate their products from those of larger producers, but are nevertheless forced to pay for ads that promote milk (or beef, eggs, etc) as a generic commodity.

Nothing's stopping the Christmas tree growers who support these ads from pooling their money and buying as many ads as they like. But why should a majority of growers be able to force the minority to contribute to ads they might not want or even agree with?

It's also hard to take seriously the claim that these taxes won't raise consumer prices. The economics here are pretty simple: when you tax a product on a per-item basis, producers usually pass the higher costs on to consumers. This is true whether the tax is formally assessed on consumers (as sales taxes are) or on businesses (like gas and cigarette taxes). Either way, the

money ultimately comes out of consumers' pockets. There's no reason to think Christmas trees (or milk) are an exception to this general rule.

It's hard to think of any other context where liberals cite industry support as a justification for an otherwise-indefensible government policy. Obviously, it's worth pushing back on the idiotic "war on Christmas" spin, but the fact that Republicans are making fools of themselves doesn't change the fact that Congress really ought to repeal the Commodity Promotion, Research and Information Act of 1996.

**Update:** A reader points out that, my economic argument above is a bit of a simplification. The cost of the tax will be split between the consumer and producer, with the exact split depending on the shapes of the supply and demand curves. Still, there's no reason to think the entire cost would be borne by the producer as the USDA suggests.