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COMMITTEE ON OVERSIGHT AND  
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COMMITTEE ON EDUCATION AND LABOR

December 17, 2010

Bob Higgs  
Politifact Editor  
1801 Superior Avenue, NE  
Cleveland, OH 44114-2198

Dear Mr. Higgs:

Politifact performs a useful public service when its conclusions are based on thorough research. Unfortunately, Politifact's column about my press release concerning H.R. 4310 was incomplete and inaccurate.

HR 4310 is a bill that would eliminate the tax deduction for advertising and marketing junk food and fast food to children. As Politifact noted, research clearly shows that advertising and marketing junk food and fast food to kids is aggravating the childhood obesity epidemic. Junk food and fast food companies spend over \$10 billion per year on marketing to children because it works. It generates demand for their products. H.R. 4310 would eliminate the tax deduction for advertising and marketing that is driving consumption and therefore aggravating childhood obesity.

Politifact took issue with my description of the tax break given to junk food and fast food companies for advertising and marketing to children as "taxpayer money." Politifact claims "it's not tax revenue that's being spent." But Politifact does not fully grasp the federal budgeting process, which does support my description. As the non-partisan Congressional Research Service explains, tax deductions are counted the same as money spent by the federal government, just as my press release stated: "Outlays (tax money spent by the federal government) provide an incomplete picture of federal resources used to achieve national economic and social goals. Tax expenditures—special deductions, exclusions, exemptions, and credits in the tax code—are often used instead of direct expenditures ... to achieve these national goals."<sup>1</sup>

Politifact also gets its numbers wrong. The authoritative sources on which I relied for my statements include the Joint Committee on Taxation (JCT)<sup>2</sup> and the Institute of Medicine (IOM).<sup>3</sup> The nonpartisan JCT is "an experienced professional staff of Ph.D economists, attorneys, and accountants, who assist Members of the majority and minority parties in both houses of Congress on tax legislation."<sup>4</sup> The Institute of Medicine, part of the National Academies of Science, "is an independent, nonprofit organization that works outside of government to provide unbiased and authoritative advice to decision-makers and the public."<sup>5</sup> The analyses of both entities are frequently used by those who make

<sup>1</sup> Hungerford, Thomas L., *Tax Expenditures and the Federal Budget*, Congressional Research Service, May 26, 2010

<sup>2</sup> Barthold, Thomas, *HR 4310*, Joint Committee on Taxation, e-mail correspondence, September 27, 2010

<sup>3</sup> Institute of Medicine. *Food Marketing to Children and Youth: Threat or Opportunity?*, National Academies Press, 2006

<sup>4</sup> Joint Committee on Taxation, <http://www.jct.gov/about-us/overview.html>

<sup>5</sup> Institute of Medicine, <http://www.iom.edu/About-IOM.aspx>

JCT is “an experienced professional staff of Ph.D economists, attorneys, and accountants, who assist Members of the majority and minority parties in both houses of Congress on tax legislation.”<sup>4</sup> The Institute of Medicine, part of the National Academies of Science, “is an independent, nonprofit organization that works outside of government to provide unbiased and authoritative advice to decision-makers and the public.”<sup>5</sup> The analyses of both entities are frequently used by those who make public policy. Without explanation, Politifact finds fault with these authorities and then, because it ignores these authoritative sources, gets its numbers wrong.

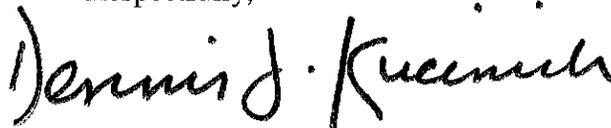
Two numbers are at issue: the estimate of yearly spending on advertising and marketing junk food and fast food to children, and the tax revenue that would be available if companies were not able to deduct those expenses from the taxes they owe. Politifact declares that the JCT revenue estimate was not valid because it was “nearly triple the tax benefit that would be generated by the firmest number we found for advertising specifically aimed at children, the \$2 billion figure in the 2006 (Federal Trade Commission) study.” In other words, in second-guessing the JCT, Politifact tried to estimate the total amount spent every year on advertising and marketing junk food and fast food to children. Their “firm” estimate came from the Federal Trade Commission, which was, according to Politifact, “\$2 billion.”

I chose to rely, as did the non-partisan JCT, on the more complete IOM spending estimate. The IOM found that “an estimated more than \$10 billion per year is now expended to market food, beverage, and restaurant products to children and youth.”<sup>3</sup> The vast majority of that is junk food and fast food.<sup>6</sup> That number is likely to be greater now because those assertions were based on 2004 data. Politifact does not explain why the FTC number (“\$2 billion”) is “firmer” than the IOM number (\$10 billion).

Had Politifact acknowledged the IOM report and used in its own calculation the IOM estimate of \$10 billion in annual spending on marketing junk food and fast food to kids, the amount raised by getting rid of the tax deduction would be closer to \$3.5 billion per year instead of almost \$2 billion per year, the number I cited. If Politifact’s methods and assumptions were correct, that would mean my press release significantly *underestimated* the revenue from H.R. 4310, instead of overestimating it as Politifact claimed. Politifact’s methods and assumptions were not correct.

My bill represents a serious attempt to remove a tax subsidy that supports the marketing of junk food and fast food to children. My bill questions whether the tax code, and taxpayers, should be subsidizing marketing that, as Politifact acknowledges, is aggravating the childhood obesity epidemic. Politifact’s erroneous conclusions about my bill and the press release I issued about it were based on incomplete research and misinformation. In order to maintain Politifact’s credibility, a review and perhaps a retraction of the Politifact column and a reprint of this letter in the same location as the original article are warranted. I look forward to your response.

Respectfully,



Dennis J. Kucinich  
Member of Congress

<sup>4</sup> Joint Committee on Taxation, <http://www.jct.gov/about-us/overview.html>

<sup>5</sup> Institute of Medicine, <http://www.iom.edu/About-IOM.aspx>

<sup>6</sup> Kaiser Family Foundation, *Food For Thought: Television Food Advertising to Children in the United States*. 2007