

Don't Mess with the Texas Model: Missouri Can (and Does) Do Better.

Supporters of HB 253 often point to Texas as an economic role model and claim that the extreme and ineffective tax cuts proposed will make Missouri more like the Lone Star State. But, is that what Missourians want? Missouri's economy and people are actually better off than Texans in a number of areas key to economic prosperity and a good quality of life. HB 253 would jeopardize this advantage by draining Missouri of the resources it needs to maintain good schools, healthy families and communities, and an environment in which businesses thrive.

Missouri Outperforms Texas in Education. Strong schools produce the educated and skilled workforce necessary to grow and attract businesses. But Texas falls behind Missouri in key areas in K-12 education.

More Texas Families Struggle to Get By and Lack Health Insurance

More people in Texas live in poverty than in Missouri overall and nearly one in three Texas children and 16% of its seniors is poor. Nearly 1 in 4 Texans lack health insurance. Missourians fare far better than Texans in both areas.



Shaping Policy...
Creating Opportunities

MISSOURI ACHIEVES BETTER EDUCATION OUTCOMES THAN TEXAS

Benchmark	MO	TX
Student-teacher ratio	13.8 students per teacher, (14th best nationally)	14.7 students per teacher, (23rd best nationally)
High school graduation rate	87.6% (28th nationally)	81.1% (48th nationally)
K-12 spending	\$9,760 per student (31 st nationally)	\$8,265 per student (46 th nationally)

CQ Press, Morgan Quitno State Rankings Book 2013.

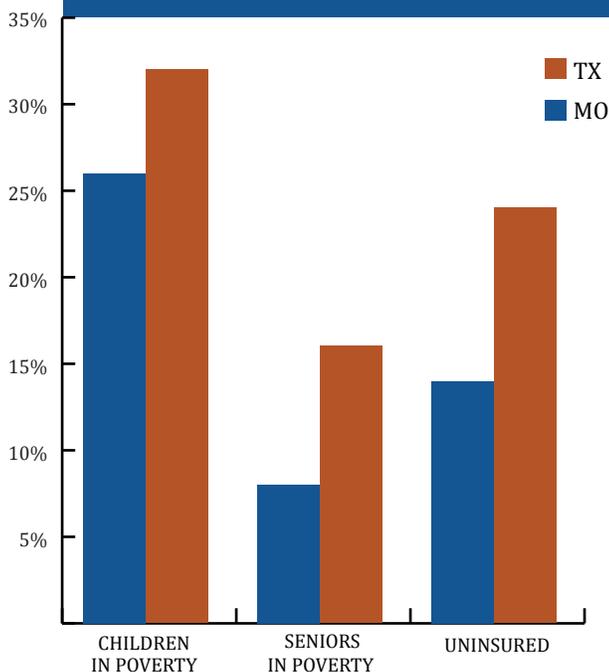
Texans Pay Higher Sales and Property Taxes

Texans may not pay an income tax, but they pay much higher property and sales taxes than Missourians.

Per capita property taxes in Texas are the 15th highest in the nation (\$1,545), whereas Missouri's were the 16th lowest (\$978). Similarly, sales taxes in Texas far exceed Missouri's, at \$1,063 per capita in Texas (16th highest nationally), compared to Missouri's \$824 (20th lowest).¹

This is no surprise. On average, states without income taxes have property taxes 6-10% higher than the national average, and sales taxes 16-17% higher.² If Missouri slashes its income tax as proposed under HB253, residents will likely see those taxes go up.

MORE TEXANS LIVE IN POVERTY AND ARE UNINSURED



Kaiser Family Foundation State Facts, Poverty 2010-2011

That's because with so much less income tax revenue to pay for schools, universities, and roads, state lawmakers will make cuts and pass on a greater share of the responsibility for funding services to local communities. Faced with less state support, local governments will then have to choose to cut services, increase local taxes and fees, or most likely a combination of both.

Increases in sales and property taxes will hit low- and middle-income families the hardest because they pay a larger share of their income in these taxes than the wealthy do.

Texas Tax System Less Fair than Missouri's

Texas is also a less fair state than Missouri. Because Texas relies so heavily on taxes that hit the middle-class and low-income people the hardest to make up for not having individual and corporate income taxes, low-income Texans pay almost four times as much in taxes as a share of their income as the rich. The disparity between the rich and poor also exists in Missouri, but to much less an extreme because the income tax asks more of those with more rather than of those with less.

The truth is that Missouri can do better than Texas. In fact, it already does.

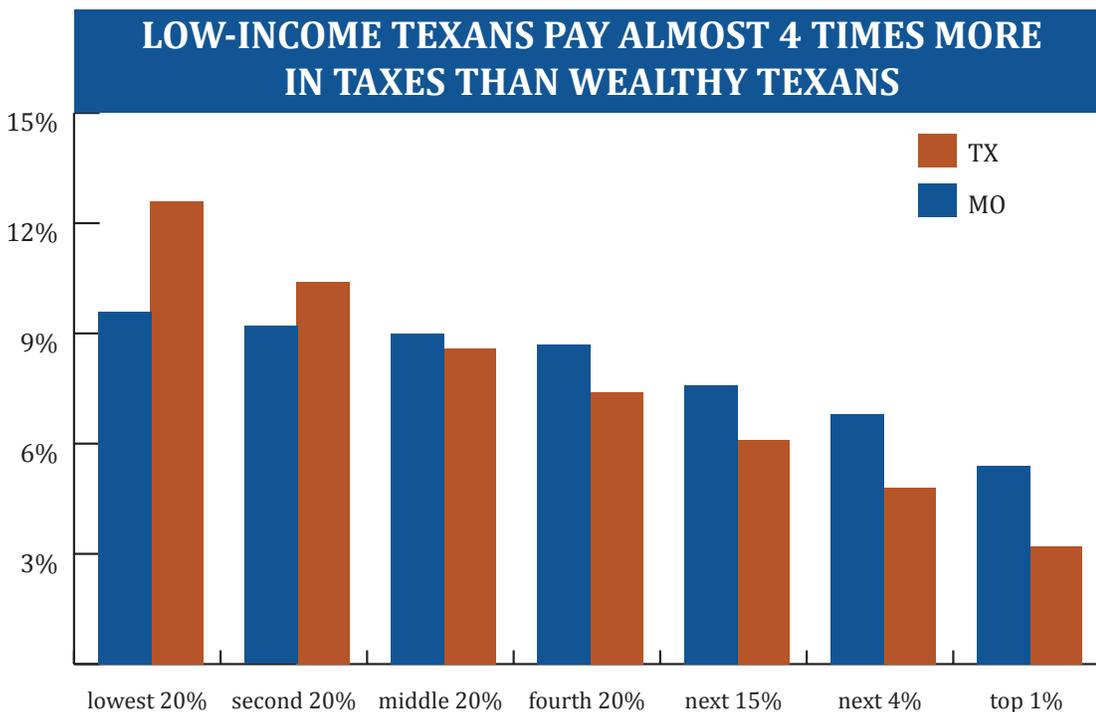
Texas Benefits from Factors Missouri Can't Replicate

Texas' much touted economic and population growth are the result of factors that Missouri and most other states can't replicate. Missouri doesn't have Texas' abundant oil and gas resources, nor is it located on the border, where immigration promotes population growth and trade has created jobs.

But even with its natural advantages, the Lone Star State falls behind Missouri in areas that are crucial for competing in a 21st century economy. Missouri should focus on investing in what businesses need to thrive: strong schools to educate a skilled workforce; efficient transportation networks that allow companies to bring their products to market; and safe, healthy communities. Tax cuts like those proposed under HB 253 will undermine Missouri's

ability to maintain these critical services and grow the economy.

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"Who Pays?," Institute on Taxation and Economic Policy, January 2013

¹ Analysis of U.S. Census State and Local Finance Data for FY 2011

² Ibid