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**New Ballot Initiative will have Dire Consequence for Missourians  
Statement from Missouri Budget Project Executive Director, Amy Blouin**

“According to reports, initial paperwork will be filed on January 7<sup>th</sup> to circulate a ballot measure proposal to eliminate the state’s income tax and replace it with a greatly expanded sales tax. Missourians know that if it sounds too good to be true, it probably is.

In order to make up for revenue lost from the income tax, sales taxes would be applied to a much broader range of goods and services than are currently taxed. The new, expanded sales tax would apply to nearly everything that is purchased, including food, prescription medicine, new cars, and even new homes. *And* it would also apply to *all* services, like child care, nursing homes and assisted living for seniors, doctor’s office visits, legal counseling, and financial services, and much, much more — even funerals.

**The new sales tax would be like no other nationwide, and would result in an overall tax increase for 95 percent of Missourians.** Middle-income Missourians, including senior citizens on fixed incomes, would be hardest hit because they have to spend a higher proportion of their incomes on essential products and services than do the wealthy.

Moreover, if the sales tax rate is capped at 7 percent as reports indicate, the services and infrastructure that provide the foundation for our economy would be jeopardized. Critical programs that represent the state’s investment in its workforce, such as education, transportation, and health services would face further cuts, endangering the state’s economic recovery. Research on comparable proposals has indicated that a sales tax of 10 to 11 percent would be required to be revenue neutral. All state rates are in addition to local sales tax rates, which are around 2 percent.

Every state without an income tax has other forms of reliable revenue that our state would not have under this proposal. This experiment has never been tested, and Missouri should not risk its future on untested economic theories.”

*Amy Blouin, Executive Director, Missouri Budget Project*

A similar proposal drew diverse criticism when it was presented in the Missouri Legislature in 2010. More than 30 organizations and business representatives presented testimony against the measure. Some of those organizations share their continued concerns here:

*Dee Ann Aull, Director of Programs and Public Relations, Missouri National Education Association:*  
“Every school district throughout Missouri, every PTA and every School Board should be very concerned about the impact that this proposal would have on Missouri’s ability to provide a comprehensive, quality education. Funding for education would be severely compromised under this plan, weakening further the foundation of our economy”.

*Andrea Routh, Executive Director, Missouri Health Advocacy Alliance*

“Missourians should not be fooled by this “wolf in sheep’s clothing”. This is not the current sales tax but a sales tax unlike any other, anywhere. If we think that accessing services is expensive today, it’s nothing compared to what the cost of a dental visit, doctor’s office visit or prescription medications would be under this proposal”.

*Craig Eichelman, Senior State Director, AARP Missouri*

“In terms of older citizens and those who are particularly low-income, this proposal would create excessive burdens because additional goods and services would be taxed. Taxes on consumption, including retail sales taxes take a larger percentage of income from low-income people than they do from those with higher incomes”.

*Jeremy LaFaver, Director of Public Policy, Partnership for Children.*

“The added tax for things like doctor’s office visits and child care will make it increasingly difficult, if not impossible, for parents who are already struggling to meet their kids’ basic needs. It’s sometimes called the ‘choice tax’, but caring for our children shouldn’t be a ‘choice’.”

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*The Mission of the Missouri Budget Project is: To advance public policies that improve economic opportunities for all Missourians – particularly low and middle-income families – by providing reliable and objective research, public education and advocacy. More information is available at [www.mobudget.org](http://www.mobudget.org).*