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National Report Finds Income Tax Cuts Poor Strategy for Economic Growth *Further Evidence that Missouri Senate Proposal Full of Empty Promises*

As the Missouri legislature considers deep cuts in personal income taxes as a prescription for economic growth, a national report released today finds that similar attempts by other states in the past have not fared very well. States that cut personal income taxes were just as likely to grow at rates *below* national averages in later years as to do better.

“The findings reinforce what we’ve been saying all along – income tax cuts are not a strategy for economic growth, and can actually undermine Missouri’s economy now and into the future,” said Amy Blouin, Executive Director of the Missouri Budget Project. “Instead, our state should invest in the services that businesses need to thrive, like top-notch schools, an affordable and high quality university system, and a modern, efficient transportation infrastructure.”

The report, [*Cuts in Personal Income Taxes: A Poor Strategy for Economic Growth*](#), issued by the Center on Budget and Policy Priorities, examined the economic growth of states that enacted major personal income tax cuts in the 1990s and 2000s, and found that most states did not perform well in the years after the cuts. Those states that did experience high rates of growth were nearly all oil producing states that benefited from a surge in oil prices.

“Proponents of tax cuts often point to moments in time that states without income taxes did particularly well, but it’s comparing apples to oranges,” continued Blouin. “What they don’t tell you is that those states typically have major sources of revenue that Missouri just doesn’t have, like oil or tourism. The truth is tax cuts weren’t the driving force behind growth in those states and won’t be for Missouri either.”

The report says that the need to balance state budgets means that tax cuts must be paid for by raising other taxes, cutting services that businesses rely on, like schools, roads, and police protection, or both.

“Our best strategy for competing with Kansas and other states is to invest in strengthening the services that businesses rely on. As this report shows, the promises of tax cuts have turned up empty before, and Missouri will be on the losing end when they do it again,” said Blouin.

Further sources of information regarding the impact of taxes on economic growth include:

Missouri Budget Project: [*Corporate Tax Rates Do Not Drive Business Decisions: Rate Cuts Could Impede Economic Growth*](#)

Institute on Taxation and Economic Policy: ["High Rate" Income Tax States Are Outperforming No-Tax States: Don't Be Fooled by Junk Economics](#)

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