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**Proposals to Cut Corporate Income Taxes Could Impede Economic Growth**
*Report Finds that Bills Being Considered by Senate Committee Will Not Impact Business Decisions*

Proposals to be heard today in the Senate Ways & Means Committee that would cut Missouri's corporate income tax as a way to revitalize the state's still-struggling economy would have little-to-no impact on business expansion or hiring, and are likely to backfire by significantly reducing resources for schools, transportation and other things that businesses cite as bigger concerns.

"Corporate income tax rates play a negligible role in business decisions, most research shows," said Amy Blouin, Executive Director of the Missouri Budget Project. "In fact, Missouri already has one of the lowest corporate tax rates in the nation, so it's unlikely that cutting it further would have any impact."

According to a new report by the Missouri Budge Project, state corporate income tax cuts don't result in economic growth for several reasons, including that state taxes comprise a very small portion of the cost of doing business. In fact, income taxes represent only **one-fifth of one percent of business costs in Missouri.**

"Businesses cite access to a skilled workforce and efficient transportation as being much more important to business location and investment decisions," continued Blouin. "But these bills would put our investments in education, transportation, and other ingredients of a strong economy at risk."

Due to the high costs of the proposals, the tax cuts would likely lead to budget cuts. Senator Schmitt's proposal to cut corporate income taxes would cost Missouri $589 million per year. A proposal by Senator Lamping that alters tobacco, income, and sales taxes would cost the state $1 billion annually.

Other reasons that corporate income tax cuts don't result in economic growth are that a cut in taxes at the state level would be offset by a bump in federal taxes; part of the benefit of any state tax cut is likely to be passed out-of-state; and without an increase in customers for new or expanded services or products, businesses are unlikely to increase investment.

"While job growth should be a priority for lawmakers, investing more in education, health care, transportation and services that provide the foundation of our economy would have a much bigger bang for the buck than a corporate income tax cut, which would only drain resources from those priorities," said Blouin.

The Missouri Budget Project report *Corporate Tax Rates Do Not Drive Business Decisions:*

*Rate Cuts Could Impede Economic Growth* can be accessed at http://mobudget.org/articles/show/301-Corporate_Tax_Rates_Do_Not_Drive_Business_Decisions_

Research on the impact of income tax on economic growth has been conducted by the Institute on Taxation and Economic Policy and is available at:

http://www.itep.org/pdf/junkeconomics.pdf

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