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### **Mega Tax Efforts Advance** *Movement on Bill & Initiative that Threatens Missouri's Future*

This morning, the House Committee on Tax Reform passed HJR 8, which proposes a constitutional amendment to eliminate the state's individual and corporate income tax and replace it with a greatly expanded sales tax. Last week, the Secretary of State approved nine similar petition initiatives submitted by proponents of the measure, allowing signature gathering to begin.

"These proposals are an ideological experiment and unwise public policy," said Amy Blouin, Executive Director of the Missouri Budget Project. "The mega sales tax is a tax never seen before in any other state. Missouri families would be charged sales taxes on basic necessities like food, rent, and child care. Under these proposals, taxes would increase for 95 percent of Missourians."

In order to make up for the revenue lost from the income tax, sales taxes would be applied to a much broader range of goods AND services than are currently taxed. In addition, the tax rate itself would be much higher. Under the proposal, the sales tax rate may be as high as 12.25 percent for the state sales tax, plus 2.75 percent local sales tax, depending on what exemptions are included.

Because the tax rates called for in the proposal will be insufficient to replace current revenue, depending on the tax rate and exemptions, the state could see a shortfall of more than \$3 billion, causing devastating budget cuts to education, health care, services for seniors, and the infrastructure that makes Missouri a desirable place to live and work.

In addition, the proposal will likely have a detrimental impact on local economies in Missouri, as the 70 percent of Missourians living near a state border have an incentive to cross state lines to purchase goods and services.

"The details of these proposals are fraught with uncertainty," continued Blouin. "But one thing is certain – the mega tax is wrong for our state, and wrong for Missourians."

Both the legislative proposal and initiative petitions would place a constitutional amendment before voters in November 2012.

The Missouri Budget Project's latest fact sheet on this issue can be accessed at [http://mobudget.org/files/Mega\\_Tax\\_Talking\\_Points\\_February\\_%202011.pdf](http://mobudget.org/files/Mega_Tax_Talking_Points_February_%202011.pdf).