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Tax Proposals Before Senate Ways & Means Committee Would Dramatically Reduce State Revenue, Disproportionately Benefit Missourians with Highest Incomes, but NOT Create Jobs

Recent analysis by the Missouri Budget Project indicates that each of the three bills to be heard today by the Senate Ways and Means Committee will dramatically reduce state revenue and disproportionately benefit Missourians with the highest incomes. Based on recent evidence from Kansas, however, the tax cuts will not create jobs.

“Since Kansas’ tax cuts took effect, Missouri has significantly outperformed Kansas in terms of employment growth,” said Amy Blouin, Executive Director of the Missouri Budget Project, a nonprofit public policy analysis organization that analyzes state budget, tax, and economic issues. “The way for Missouri to create jobs for the 21st century is to ensure that we have the revenue to invest in quality and affordable education from preschool through college. To be economically competitive, Missouri must offer employers a skilled workforce and a state of the art infrastructure.”

Unfortunately the Senate proposals, SB 496, 497, and 509, would undermine Missouri’s ability to invest in those very services. At costs of more than \$500 million, \$1.5 billion, and \$1.8 billion respectively when fully implemented, Missouri would be forced to dramatically cut services to all Missourians at a time when our state should be investing in the future.

Moreover, the bills are skewed to disproportionately benefit the very wealthiest of Missourians. While those with average incomes of more than \$1 million would receive a tax cut of several thousand dollars, it is highly unlikely that any business would create any jobs with a tax cut of \$8,000 to \$15,000.

“While these proposals would provide cushy tax cuts for millionaires and lobbyists, the blow to state revenue and the economy would cost middle class Missourians more. Since tax cuts took effect in Kansas, sales taxes have increased, many cities and counties have raised property taxes, and college tuitions have increased dramatically. Meanwhile, the state’s employment growth is sluggish compared to Missouri’s,” continued Blouin.

The Missouri Budget Project report can be found at www.mobudget.org.

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