



Gibbons Capitol Report
August 17, 2006

Protecting Taxpayers with Tax Reform

Everybody thinks about taxes as April 15 approaches, but most of us don't pay attention to how we are taxed by the things we do each day. When you own your home, you pay a property tax. When you drive to work you pay a fuel tax. When you work, you pay an income tax. When you go shopping, you pay a sales tax. And those only touch the surface.

How You are Taxed

Missourians are taxed in 26 different ways. When you combine these 26 taxes and fees with the 23 different types local governments levy, coupled with the 9 ways the federal government taxes you, Missouri taxpayers can be hit by a total of 58 different taxes.

The Role of Government Taxation

The role of government is to set a level of taxation that is fair, simple and broad-based to keep the tax burden to a minimum and yet raise the money necessary to fund the critical functions of government. Its role is not to redistribute wealth or create economic or social incentives. Our government should not be in competition with other states in a business "tug of war," where we're luring companies to our state with lucrative incentives we can't maintain. Instead, our state should provide a solid, stable environment where our businesses can grow and prosper without undue burden or hindrance from government, and that is an attraction to people in other states.

Making Taxes Simple, Certain and Fair

Do the 26 taxes and fees overstep the role of government to tax its citizens? That's a question we must answer in order to protect taxpayers. I want to hear from constituents on everything from property tax reassessment practices, tax credits, personal income taxes, corporate taxes and our sales tax structure. We need to look at each subject individually, then take a step back and look at the big picture. Does our tax policy make it more likely that Missouri will be a strong, dynamic, job producing 21st century economy? Will our citizens have a chance to pursue the American Dream? If not, we must change.

I think it is fair to say our current tax structure is out-dated and needs reform. We have a tax system that was developed in the first part of the last century, and since then, our entire society - our entire economy, has changed completely. We need to update our early 20th century tax structure to meet the needs of the people in our 21st century economy.

Unfortunately, our tax structure is set up in such a way that you cannot effectively change one type of tax without impacting other forms of taxation in the state. Piecemeal tax reform is not an option. That is why as the Joint Committee on Tax Policy works this fall, I will continue to share with you the different problems that litter our out-dated tax structure and also share with you options for reform as a whole that will best protect Missouri taxpayers.

**For more information on the Joint Committee on Tax Policy visit www.senate.mo.gov/taxpolicy/*