



Senator Luann Ridgeway – Serving Clay County

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***"I am proud to be paying taxes in the United States.  
The only thing is – I could be just as proud for half the money."  
Arthur Godfrey, entertainer***

A "Fair Tax" proposal is pending in the Missouri Senate and recently received a hearing in the Senate Governmental Accountability Committee. In a nutshell, the Missouri Fair Tax proposal would allow our citizens to change our state constitution. If adopted, our state income tax would be eliminated and replaced with a statewide sales tax on retail purchases of goods and services.

The plan pending in Missouri, if properly done, could become the greatest economic development tool we have ever seen. Statistics show that states without an income tax have more economic and population growth than states with both income and sales taxes. With a statewide unemployment rate hovering over 9 percent, Missouri is in dire need of more quality jobs and economic growth. Now is the time for real change — not just more tinkering with a system that, so far, has failed to keep jobs in Missouri or bring in new ones.

The Fair Tax is designed to have no impact on revenues derived from property taxes or local sales taxes. It is targeted only at eliminating state income tax and replacing it with a statewide sales tax. To make sales tax income match our current income tax revenues, it is estimated that the statewide sales tax would have to be approximately 6-7%, up from the current 4.225 percent.

Our current state income tax is riddled with loopholes and exemptions for special interest groups. Currently, Missouri has hundreds of sales tax exemptions and more than 40 tax credit programs. The Fair Tax eliminates all tax credits and almost all sales tax exemptions. The proposal I support

excludes taxation on expenses for all education from preschool to higher education.

A sales tax on services would also be imposed. Richer Missourians would obviously pay more, simply because they tend to consume more. Lower income Missourians are also protected under the plan as they would be given an exemption from paying any sales tax up to a certain level of spending.

With a Fair Tax, Missourians would immediately see an increase in their net income as there would no longer be state income tax withheld from our paychecks. Everyone would pay their fair share, whether they are a law-abiding citizen, a drug dealer, illegal alien or black marketer — if you buy goods or services, you pay the tax at the time of purchase. No more cheating on income taxes because there is no income tax. When federal tax time comes, there would be no state forms to complete, state records to compile or check to write to the state.

The Fair Tax still requires much debate and research. For more detailed information, go to: <http://www.youtube.com/afpmissouri>.

As always, I appreciate hearing your comments and concerns about this or any other matter of concern to you.

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