

For Immediate Release
March 4, 2010

SHARING A VIEW OF THE STATE

Issues and Comments – 33rd Senatorial District

Senator

Chuck Purgason

Missouri is in a very unique position. Located in the central part of the United States and bordered by eight surrounding states, we are in a position where we must not only compete for jobs across the nation and with foreign countries, but we must also compete with the states that border us.

Missouri, like all other states in the nation as well as our federal government, is experiencing major financial problems. The Governor this week met with the Senate to discuss lowering our consensus revenue estimate and to take an additional \$300 million out of our state budget.

Our economy continues to slide, dropping over 14% last month alone. Last week, I spent some time in the St. Louis area and as I was driving home, I drove by the abandoned Chrysler plant near Fenton. The sign out front said, "For sale or lease" and the parking lot was empty. All across the state in small towns are the sights of empty stores and closed businesses.

Our unemployment rate continues to climb and our budget continues to decline. This past week we debated a tax credit bill that again puts the legislature in the position of picking winners and losers in the free market system. Every year we pass tax credits and tax incentives to try to out-bid other states and countries in pursuit of good jobs for the citizens of the state. These credits and incentives usually go to only large companies and put small businesses at a competitive disadvantage --- all this while small business comprises over 90% of the job creation in the state.

This is the time when we put forward new ideas and design a new way of competing in today's economy. That is why I put forth the Missouri Jobs and Prosperity Act.

This act would put before the voters of the state the opportunity to go to a completely different method of fostering economic activity in the state. The act, upon voter approval, would begin a five-year program to increase sales tax and a phase out individual income tax. Also, all corporate and franchise taxes would be eliminated.

The tax base would be expanded to include services while exempting motor fuels, insurance, education (k-12, higher education and vocational-technical), charitable donations, purchases and government snap payments. The maximum sales tax rate would be no more than

7% to guarantee budget neutrality. Also, every individual would receive a pre-bate to insure the first \$2800 of purchases were tax-free up to \$11,200 per household.

Everyone's take home pay will be more because state income taxes would no longer be deducted. Also businesses would be able to lower the cost of doing business and would not have to include the hidden tax costs that none of us see in the price of their products.

Instead of taxing someone for working harder and earning more, the tax would be a consumption tax based on the amount of things you buy while empowering you as an individual to make your own choices.

Businesses prefer to re-locate to states that have no income tax. This has been proven by the growth of businesses in states that use tax income versus the states that do not. Missouri ranks 49th in the nation on new job creation. This cannot continue if we are to be prosperous as a state to ensure jobs for our families.

To recover from the current economic recession and to attract new jobs from competing states, Missouri needs to create a "Jobs-Friendly Environment."

The best way to create such an environment is by developing a tax policy that promotes economic growth and encourages the creation of new jobs. A second way to work toward a "Jobs-Friendly Environment" is to provide greater stability to funding quality schools and universities, adequate and safe roads and affordable healthcare.

The Missouri Jobs and Prosperity Act would create over 20,000 new jobs in Missouri each and every year. It would create more than 200,000 jobs over a decade. It would do this at a time when jobs are needed the most.

The system created by this act would be more stable than income taxes. Income taxes are collected annually and are impacted greatly by economic downturns. Sales taxes are collected monthly and have a history of being less impacted by shifts in the economy; therefore providing a more stable stream of revenue that would ensure more consistent funding for our local schools, universities, transportation and healthcare. That stability would make it easier to make long-term funding projections for important programs.

Change is not very welcome in government. Many lobbyists and special interest groups like the current system that redistributes wealth. As someone once said, the definition of insanity is doing the same thing over and over again and expecting different results. This is the time to begin the conversation on changing government for the better.

The only time politicians can ever make tough decisions is when they can no longer beg, borrow or print themselves to the next election. Now is the time to bring the Show-Me State to the forefront as a leader in job creation and begin renewing the promise of a growing Missouri economy.

As always, I appreciate hearing your comments, opinions, and concerns. I can be reached in Jefferson City at (573)751-1882, you can e-mail me at chuck.purgason@senate.mo.gov or you can write to me by regular mail at 201 WEST CAPITOL AVENUE, ROOM 420, JEFFERSON CITY, MO 65101.

###