

# Outgoing Taxes

✘ Bobby Jindal, the Governor of Louisiana, has proposed eliminating the state's income and corporate tax. His plan is to join the other 9 states that fund their government primarily through a sales tax. He is attracted to this method by the fact that these states have done better economically. There are 5 other states considering lowering or eliminating their income and corporate taxes to attract business to their states. It is no coincidence that these states are run by Republican Governors, while Democrat led states are raising taxes. There is a more important reason to change the state's main source of revenue to a broad sales tax. This step will help the public hold government accountable. The voting electorate has been removed from feeling the effects of inefficient government over time, and this change will reverse that trend.

When any government wastes money, the only way they can be held accountable is by the voters in the next election. If the majority of the electorate are not affected by this inefficiency, due to the fact that they do not pay taxes, there is little accountability. Another way that these voters could track the effectiveness of government would be an aggressive investigative media. With the press bias towards bigger government, this critical eye is missing. It has been reported that roughly 50% of the cost of the NYC government is funded by 1% of taxpayers. This, and a lack of media scrutiny, has been a recipe for out of control government.

Most people have such busy lives that it is difficult to track the performance of their various levels of government. Politicians and governments are notorious for adding all different taxes and fees in order to find new ways to fund their spending. This shell game has made it difficult for even the most interested voter to understand the efficiency of their leaders. How easy would it be to keep track of your

state government by simply looking at the sales tax? Maintaining the sales tax will allow spending growth to be matched to the state's growth in commerce. The Governor can simply run for reelection by saying I did not raise *the* tax.

Under the sales tax scenario, imagine if there were a teachers strike. The way that the press usually reports this event is to typically side with the striking teachers. Invariably, there are sympathetic reports resorting to pull on the public heartstrings about "the children" and how we cannot risk the future. Now, a Governor who wants to hold the line on spending can have a simple message by saying that if he/she gives in, the sales tax will go up 1%. Just think of the difference in the way people will look at this issue.

These moves by Mr. Jindal and other Republican Governors are great differentiators from the Democratic Governor tax raisers. They are also a good way to bring attention to the economics of the state. This change ensures a larger majority to be affected by the cost of government, and the consequences of each decision. Republicans are always trying to make the case that people don't want bigger government. Making sales tax the main way that the government is funded not only makes it affect all the people, but gives citizens an easy way to measure their government.

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## **An Absurd Leap for Obama-kind**

☒ The Obama campaign has sent surrogates on many shows, and repeatedly stated what can only be considered an outright lie. They have stated that Mitt Romney, if he becomes president, will raise taxes on middle class families by \$2,000 per year. This has gone almost completely unchallenged by any

media outlet, which is almost worse than the allegation. The morsel of background to this conclusion is an analysis done by "The Tax Policy Center". Their paper released in the past few weeks has decided how a President Romney will react to a possible budget shortfall without a whisper of evidence affecting their conclusion.

Mr. Romney has proposed across the board tax cuts of 20% plus closing loopholes and deductions. These cuts combined with growth rates similar to when tax cuts have been made in the past will allow his plan to be revenue neutral. A think tank with questionable politics (The Tax Policy Center) has done an analysis of the tax plan, and put out a paper with its results. They do not believe there will be any effect on growth by cutting marginal tax rates. The increased growth following the Kennedy, Reagan, or George W. Bush tax cuts seems to have no bearing on their study, which is why their politics should be suspect. They could have determined that Romney's numbers don't add up in their judgment, and the country could have engaged in a debate about what helps an economy grow.

The paper goes much further than the benign prediction that we have a candidate who has a rosy outlook on the economic results of his proposal. They have decided that when the plan misses one of its goals of revenue neutrality, Mr. Romney will undermine the principle growth component of his plan by raising taxes on the middle class. There is, of course, no indication from the Romney campaign that this is what he will do if confronted with a revenue shortfall. There is no time in the past when Mr. Romney as Governor made such a choice to raise taxes like this. This lack of evidence, and therefore flawed analysis, has not stopped the Obama campaign from running with this conclusion. Turn on any television or radio and you will hear some Obama operative, or the President himself saying that his opponent will raise taxes by \$2,000 on the middle class. There are ads running right now claiming

this non-fact.

Since there seems to be no challenge to this erroneous claim, the Romney campaign may have to engage under the bizarre reasoning that takes analysis where it never has gone before. Democratic leaders suggested that the best way to grow the economy was increasing unemployment benefits, and they regularly complain that President Bush never paid for tax cuts or two wars. After expanding unemployment benefits early in the President's term, growth has remained stagnant, and these extra costs have contributed to increased deficits. Combining these two stated Obama goals, and using the logic that is now at play in this presidential campaign should allow for a similar leap. The Romney people should create an ad, stating as fact, that the President will raise taxes on the unemployed.

Rather than an analysis that challenges the candidates to backup their plans, or a true debate on what grows an economy, we have supposedly respected institutions literally fabricated a candidate's position. The President is more than happy to jump on this fake analysis. He would otherwise need to discuss his record of failures. With the absence of media fact checking, the Romney campaign must spend its money refuting the lies. If analysis of a campaign proposal now includes divining what will be decided for the candidate if circumstances change, Romney needs to get into this game as well.