

Key Considerations For Tax Reform

Avoid new classes of taxes

- ✧ Anything more than a 25-cent property tax reduction requires new forms of taxation, unless paid for by spending cuts
- ✧ New classes of taxes will necessarily hurt the state's economy
- ✧ Much like the ill-named Texas Infrastructure Fund tax, new classes of taxes are impossible to kill

Avoid taxes on business

- ✧ The idea of business paying its "fair share" is economically unsound
- ✧ Business tax burdens are paid by the owners, employees, shareholders and consumers—i.e., Texans
- ✧ Do not tax wealth creation
- ✧ Do not tax economic growth
- ✧ Do not tax jobs
- ✧ Do not hide taxes

Keep Texas' tax system transparent

- ✧ All taxes are borne by individuals, whether they see them or not
- ✧ Greater use of consumption-based taxes is economically preferred
- ✧ Taxes based on wages or payroll are income taxes, hidden from the wage earner but just as damaging

Make tax cuts meaningful

- ✧ Simply shifting taxes doesn't count

Do not set the stage for future tax increases

- ✧ Eliminate existing taxes before creating new ones

According to the *Wall Street Journal*, there is a "better way":

- ◆ Reduce school M&O taxes by 25 cents
- ◆ Increase the state sales tax by a half cent, with some broadening
- ◆ Completely eliminate the franchise tax
- ◆ Reduce general revenue expenditures by one percent