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My View

Richard Eckstrom: The case for low taxes

By Richard Eckstrom

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They boast about how they “bring home the bacon.”

They take credit for new buildings, new parks and new programs for which they’ve secured public funding.

But all too often, politicians forget to thank the people who made it possible – the taxpayers.

One of the fundamental problems facing government at all levels is the casual attitude which is often displayed toward tax dollars. Too many public officials see taxpayer dollars as the answer to every problem, seeming to forget whose money they’re spending. Rather than making tough budget choices, too many prefer to simply increase taxes – giving short shrift to the people who continually fork over more and more money to operate government.

I’ve always believed in the value of protecting people’s pocketbooks. While taxes are necessary to fund essential services, the combined impact of income taxes, property taxes and sales taxes can become burdensome for lots of people – especially senior citizens on fixed incomes.

And there’s ample evidence to suggest that lower taxes and tax rates are beneficial to the economy. One recent example is a report released last month by a major research university linking high overall tax rates to slower economic growth.

The study, conducted by economists at George Mason University, showed that states

with higher average tax rates tend to have a lower GSP, or gross state product.

Specifically, a 1 percent increase in a state's overall average tax rate decreases the GSP growth rate by 1.9 percent.

"Higher state taxes generally reduce state economic growth, GSP, and even population," according to the report.

Higher taxes also lead to fewer new businesses, as well as an increasing number of people moving out-of-state. Conversely, the report shows that lower tax rates are associated with population growth. "Of the nine states with no personal income tax, four – Florida, Nevada, Washington and Tennessee – are among the states with the highest population growth rates in the country," according to the report. That's important because the arrival of new workers especially young people – is a factor in economic growth.

"Higher taxes are generally correlated with lower standards of living," the report concludes.

Politicians should take note. The fewer dollars that government pulls from citizens' pockets, the better the government is serving those citizens.

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