



# Governor Releases Tax Plan, Rightly Aiming For Revenue Neutrality

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By: Patrick Ishmael

After releasing his proposed budget last week, today Governor Eric Greitens followed it up in with his [long-awaited tax cut plan](#) . Readers will find details at the link, but I wanted to highlight one noteworthy paragraph from the release:

*In order to responsibly achieve these results, Missouri should eliminate or alter some tax breaks that are outdated, unfair, or unnecessary, and close loopholes in the tax code. This tax plan boldly cuts taxes for nearly every Missouri taxpayer and dramatically improves Missouri's tax environment for businesses. It is also revenue-neutral according to an analysis from the Department of Revenue. By eliminating these breaks and closing these loopholes, Missouri families and businesses will see a tax cut and Missouri's budget will not be unduly burdened. The alterations to tax breaks and loopholes are laid out in detail in this document.*

Translation? Rather than continuing a raft of carve-outs for special interests and activities —carve-outs whose burdens, of course, fall on the shoulders of other taxpayers—this plan appears to be a reorientation of tax policy away from income taxes and toward a broad sales tax base. The immediate beneficiaries should be individuals (especially the poor,

whose income taxes would effectively be zeroed out under the plan) and corporations, whose income tax rate would be cut by about a third.

I could write at length comparing this plan to the two tax cut plans already afoot in the state Senate. Perhaps the biggest difference is that this plan appears to omit an increase in the gas tax for infrastructure improvements. But it seems in all three cases, the policy principle sitting in the sidecar of each tax cut plan is that of revenue neutrality. [As I discussed with Marc Cox earlier this month](#), while the details of the Governor's plan were unknown at that time, it was reasonably easy to speculate about its principal parts, given the explicit neutrality targets and what had already been filed in the Legislature.

That isn't to say that tax cuts must always be revenue-neutral, since reorganizing tax revenues for a government that has grown too large obviously doesn't address its largeness. Yet, one can divide the questions of pro-growth tax policy and government size into different legislative pieces rather than addressing both issues all at one time and, potentially, confusing the issues in the process. These proposals address the pro-growth policy questions first and leave the question of government size for a later date, and in my opinion, that's a responsible approach that adheres to both good and limited government principles.

## About the Author



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[1] <https://showmeinstitute.org/blog/taxes-income-earnings/governor-releases-tax-plan-rightly-aiming-revenue-neutrality>

[2] <https://governor.mo.gov/news/archive/governor-greitens-promotes-tax-relief-working-families-state-tour>

[3] <http://www.971talk.com/media/podcasts/patrick-ishmael-1-19-18-missouri-tax-plan>

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