

Are big-money tax policies best for all Mississippians?

Bill Crawford

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As tax collections continue to falter, threatening more mid-year budget cuts, our legislative leaders scurry to shore up the brilliance of their tax-cut agenda.

They brought in an “outside expert” to say they’re on the right track.

Nicole Kaeding, an economist with the Tax Foundation, told them that adding more consumption taxes and reducing corporate taxes is the right way to go. In particular, she recommended charging sales taxes on services, such as those provided by doctors and lawyers, eliminating sales tax holidays and upping gas taxes. She called corporate taxes the “most harmful” for growth.

Kaeding’s comments were predictable given her career in organizations sponsored by the multibillionaire Koch brothers. Owners of Koch Industries, the second-largest privately held company in the U.S., the brothers have built a huge network of libertarian and conservative think tanks and political organizations to influence government policy and elections.

Among these are the Cato Institute and the Americans for Prosperity Foundation that Kaeding worked for before joining the Tax Foundation. Both organizations promote the Koch brothers’ crusade to minimize taxes on the wealthy and eliminate corporate taxes.

At the Tax Foundation, Kaeding’s focus is making state tax codes more favorable to businesses.

Speaker of the House Philip Gunn applauded Kaeding: “I think you have confirmed and affirmed many of the decisions we’ve made,” the Clarion-Ledger reported. “Reducing the corporate tax burden is a path toward economic growth and stability.”

Lt. Gov. Tate Reeves liked her focus: “I believe our goal should be to make Mississippi the most competitive place in America to invest capital and to provide for more and better paying jobs,” the Northeast Mississippi Daily Journal reported.

Perhaps state leaders will pause and reflect on Kaeding’s data. It showed Mississippi in 2012 (before pending tax cuts) was already highly competitive among neighboring states. Mississippi’s Business Tax Climate ranked noticeably better than Alabama, Arkansas and Tennessee.

Kaeding’s slide on Corporate Income Tax rates showed Mississippi ranked among the lowest nationally, and better than all neighboring states.

If tax competitiveness is the real key to growth, then Mississippi should already be outperforming our neighbors. We’re not.

Legislators should hear presentations from economists not so indoctrinated into big money tax policies. They might find that Mississippi's mix of poor people, hard-working middle-income families, and small businesses would fare better with a fair mix of consumption, income, and business taxes.

Indeed, the same day Kaeding spoke, Kiplinger ranked Mississippi ninth on its tax-friendly states list.

"Mississippi has always made our tax-friendly list," editor Sandra Block said.

Nobody likes taxes. They should be hard to raise. When collections are excessive, they should be cut. And spending should be controlled so no tax dollar is spent unnecessarily.

That said, the federal tax mess is one thing, our state taxes quite another.

Relying on national tax policies promoted by the rich and powerful may not best serve rural Mississippi, particularly when revenue collections are under water and state tax burdens are already competitive.