Grover G. Norquist President

March 10, 2004

The Honorable Mark Sanford
P.O. Box 12267
Columbia, SC 29211

Dear Gov. Sanford,

I am writing today to offer my support for your proposed plan to cut income taxes over the coming years from 7 percent to 4.75 percent, **as part of a no-net-tax-increase budget**. It is a good first step in the process of modernizing South Carolina's tax code, relieving the burden on families and small businesses, and promoting growth in the state.

South Carolina's top tax rate of 7 percent is the highest in the Southeast, and is an impediment to growth. In the past few years, South Carolina has lagged behind neighboring states in both job growth and small business growth. Your proposal should help address that underperformance.

Cutting the tax rate will cut significantly the burden on hard working families. These families will have more resources with which to pay their bills and to save for retirement or their children's college education.

Perhaps even more significantly, small businesses will be given a boost. Because most small businesses pay taxes at the personal income tax rate, not the corporate rate, this tax rate cut will improve small businesses' bottom lines, and will free up resources to invest in new equipment and new payroll**. Since 75 percent of all new jobs created in America are created by small business, Gov. Sanford's tax cut should do much increase the number and quality of jobs available to South Carolinians.**

As the booming national economy demonstrates (GDP growth of 6.1% over the last 6 months), President Bush's tax cuts have returned healthy growth to the nation. Some governors seem to have ignored this lesson, and have tried to raise taxes, putting their states at a disadvantage to the rest of the country.

Gov. Mark Sanford is taking the better approach, cutting taxes as the national economy expands. **As long as this proposal is part of a no-tax-increase budget, South Carolina will be the better for it.**

Sincerely,

Grover G. Norquist

1920 L Street NW • Suite 200 • Washington DC 20036
Phone (202) 785-0266 • Fax (202) 785-0261 • www.atr.org