



# NEWS

## AMERICANS FOR TAX REFORM

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## One Step forward, Two Steps Back?

-- While the Governor is on the Right Track, the South Carolina House is planning to offset the positive impact of Gov. Sanford's plan --

WASHINGTON, D.C. – While Gov. Mark Sanford (R) had no problems getting his proposal through the House Ways and Means Committee to cut South Carolina's income tax by nearly one third over a decade, from the current level of 7% to 4.75%, the committee seems to be willing to offset the benefits of this good idea by a bad one.

The committee's Appropriations Act includes a provision that would delay the implementation of the death tax reduction South Carolina. Under current law, the death tax is scheduled to drop in line with the federal death tax phase-out, as a result of the Economic Growth and Tax Relief Reconciliation Act of 2001 signed into law by President Bush. The net delay of the reduction would amount to eighteen months, and the net effect in increased revenue to the state would amount to approximately \$14.2 million.

**“The first impression of South Carolina's budget negotiations was very positive – the Governor made a fabulous proposal and the House picked up the ball and played along,”** said Grover Norquist, President of Americans for Tax Reform. **“If the legislature decides to delay the estate tax reduction, they are dropping the ball and will not make it to the end zone.”**

Gov. Sanford introduced the “2004 Income Tax Relief Act”, as his proposal is dubbed, to improve South Carolina's business climate and to make the state more competitive. South Carolina has incurred the biggest drop in employment rates over the last years, if compared to other states. Offsetting the positive stimulus of the tax cut would be more than counterproductive.

**“The Bush tax cuts at the federal level and their positive impact on the economy should speak for themselves,”** continued Norquist. **“Why does the House of Representatives dance around and take one step forward, but then two steps back?”**

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at [jcollegio@atr.org](mailto:jcollegio@atr.org).*