



NEWS

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08 MARCH 2004

For Gov. Blanco, Honeymoon is Over

--Gov. Kathleen Blanco reveals plans to renew "temporary" business taxes and make them permanent --

WASHINGTON, D.C. – Going into her first legislative session as Governor, Kathleen Blanco of Louisiana already has put herself at odds with her declared goals of promoting economic development. In her opening speech on Sunday, she called for permanent business tax renewals and a slow roll-off for two corporate taxes.

Gov. Blanco's budget proposal relies on a renewal of \$160 million in sales taxes on business utilities, making permanent "temporary taxes" that were enacted 18 years ago. While the Governor claims that making the tax permanent was crucial given the state's current fiscal crisis – Louisiana is facing a \$500 million gap between revenues and spending – business leaders and fiscal conservatives in the legislature call for alternative solutions.

"While Gov. Blanco is right that it is a sham to call taxes that have been on the books for 18 years "temporary", she is wrong about the conclusion she draws," said Grover Norquist, President of Americans for Tax Reform in Washington, DC. **"In order to create the business climate Louisiana's economy needs, the taxes should not be made permanent, but gotten rid off."**

Gov. Blanco's plan also calls for slowly phasing out the corporate franchise tax on debt and the sales tax on machinery and equipment over a seven-year period, starting it on July 1, 2005. The state's leading business group and some state legislators, however, advocate a sooner sunset of the taxes, and seek their total elimination by Jan. 1, 2005.

"In this case, the Governor is right about the harmfulness of these taxes on Louisiana's businesses, but again, she draws the wrong conclusions," continues Norquist. **"The sooner the burden is taken off Louisiana's businesses, the earlier these businesses can become competitive and help bring the state back on track. Tax cuts and eliminations stimulate growth, attract capital and create jobs. If Gov. Blanco really wants to promote economic development, she should consider these facts."**

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.