



AMERICANS FOR TAX REFORM

TAX ALERT

A twice-monthly report by Damon B. Ansell and Emily Sedgwick

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Alaska Governor's Tax Increases: Cool Reception

Gov. Frank Murkowski's \$113 million in tax increase proposals have met with a cool reception among his fellow Republican lawmakers in the Legislature. The governor's budget, submitted to the Legislature on March 5, includes charging tourists \$15 for a "wildlife conservation pass," increasing the motor fuel tax by 12 cents/gallon, and either a seasonal sales tax or a \$100 head tax on workers, among various other fee increases. Both the sales tax increase and the head tax would cost \$35 million but Murkowski has not indicated which he prefers. His tax and fee increase proposals, and his proposed \$393 million draw on the Constitutional Budget Reserve fund, have met with opposition in the Legislature and among taxpayer groups. (*Juneau Empire/AP*, 3/23/03).

Iowans for Tax Relief Voices Opposition to Bonds

The pro-taxpayer watchdog group Iowans for Tax Relief has hit the airwaves to protest attempts by some members of the Legislature to raise revenue for spending projects by selling municipal bonds. "We think it is absurd to think that you can borrow and spend your way to prosperity," commented Jeff Boeyink, who serves as executive vice president of Iowans for Tax Relief. The bond package has been touted as a means to jumpstart Iowa's stagnant economy. Proponents claim that the bonds would pay for economic development projects. The Iowa Farm Bureau's bond proposal, for example, would finance \$2 billion in bonds with revenues derived from a 4.5% statewide property tax. (*Quad-City Times*, 3/23/03).

Kentucky Gov. Patton Concerned About his Legacy

Gov. Paul Patton said last week that he will consider calling the General Assembly into special session to debate changes in Kentucky's corporate tax structure. The governor could threaten to veto an \$80 million tax cut sought by business and banking groups in protest of what he perceives to be an overall disregard for corporate tax reform. The reforms that Gov. Patton has

proposed would hike taxes on businesses considerably. The tax cut he may choose to veto would offset corporate tax liability assessment changes made in response to a recent federal court decision. (*Cincinnati Enquirer*, 3/24/03).

Louisiana Voucher Program a Possibility

During the legislative session that begins March 31, Gov. Mike Foster will push legislation to enact a school voucher program for students in troubled school districts. Although this is an election year, when legislators are typically more cautious of voucher-resistant teachers' unions, the Catholic church boasts a broad constituency in Louisiana as well as a supportive position on the voucher question. A recent U.S. Supreme Court decision declared that the Cleveland, Ohio voucher program is constitutional, while the Louisiana Association of Business and Industry has expressed support for Gov. Foster's efforts. The voucher program proposal is complicated by questionable support among members of the Legislature's Black Caucus, and a separate initiative to give the Louisiana Board of Elementary and Secondary Education the authority to take over failing schools from their local school boards. (*Times-Picayune*, 3/23/03).

Maryland Tax Twister: To Slot or Not?

Governor Bob Ehrlich and Senate President Mike Miller agree that legislation to legalize slot gambling at racetracks, including \$15 million in track owner application fees, is the way to balance Maryland's budget. Meanwhile, House Speaker Michael Busch proposes a budget that will hike taxes on corporate income by \$200 million and increase state property taxes by \$166 million. To further complicate matters, though Senate President Miller began this session opposing tax increases but has renewed his efforts to link slots with income or sales tax increases. (*Baltimore Sun*, 3/24/03).



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