

CENTER FOR A
bettersouth

Introduction

Taxes. It's a word that sends chills down the spines of even the grisliest of soldiers.

Nobody likes taxes. Even before the days of Old Testament tax collectors or the sheriffs of old England, nobody's really been for taxes—regardless of any political rhetoric out there.

But taxes get a bad rap. Like them or not, taxes are not something that should be vilified because of their very nature. Instead, people might consider looking at them in another light—as the necessary price we pay to keep our democracy alive.

Taxes are the price of our freedom. Imagine what we wouldn't have if taxes didn't fuel government programs and services.

We might not have good roads and bridges. We wouldn't have a system of public education. We wouldn't have an efficient system to protect our borders (soldiers), communities (police) and homes (firefighters).

In fact, when you think about the quality of life throughout the country and American South, we wouldn't have a lot of the benefits of civilized society if taxes weren't there to pay for public services and invest in the common good.

In America, we have taxes because generations of people have learned that shared sacrifices (taxes) are the best and fairest way for everyone to build a better country, a better quality of life. In other words, taxes and the governments that administer them are the means through which America moves forward.

Taxes fuel a better quality of life for businesses as well as people. If you want to open up a business, for example, you surely want to make sure roads are in place so workers can get to their jobs and customers can visit to make purchases. If you want to open a restaurant, you want to ensure clean water is available.

Government does these things. But somebody has to pay for it. If we want everyone to share in this common good, everyone should pay a fair share. In turn, we all will reap rewards.

That being said, it's OK for people to disagree about taxes and what they should be used for. That's what a lot of politics is about. But through the years, state legislators across the region generally have not stepped back to take comprehensive looks at how tax structures are working in today's new economy.

Unlike the past, today's South is fueled more by services and knowledge than the goods-driven economy of the

20th century. It's time for state governments to recognize the shift and adapt how they operate. In other words, it's high time to modernize taxing structures for the 21st century.

A fairer tax system

This policy book seeks to provide some tools to help lawmakers take a more holistic vision of taxing structures and how they affect Southern taxpayers today.

Throughout the work, you'll read about how tax systems across the South are filled with inequities. And if you step back and look at the systems as a whole, you may be able to see how comprehensive tax reform will make tax structures fairer.

In this book, you'll learn about how:

- Southern states lose billions of dollars every year through special tax breaks, exemptions and holidays. They also miss opportunities to boost *fairness* by failing to tax more services as the economy is transforming.
- Southern states can improve public health by raising the cigarette tax to the national average;
- Southern states can modernize how they tax incomes and increase *fairness* by using new tools;
- Southern states can provide fairer relief to seniors; and

- Southern states can take proactive actions to increase accountability and improve government performance.

The overall approach suggested in this work is much different than the normal political process, which tends to fix one piece of the tax puzzle at a time. Instead, we believe lawmakers need to look at the whole puzzle. If they do and use the ideas in this book, they'll boost *fairness* and make their tax structures stronger.

The book features 11 ideas, each of which has a chapter-length discussion that highlights the idea's background and merits. Each section also includes brief talking points to help people put the concepts in everyday language.

Following the chapters of ideas, we offer an appendix for each state in the study—Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Virginia. Each appendix includes a scorecard that generally illustrates how each state currently performs in implementation of the 11 ideas. Each appendix also provides a summary of each idea to highlight how it can offer a better tax structure for taxpayers.

A better way

The Center for a Better South is a pragmatic, progressive, non-partisan think tank dedicated to developing progressive ideas, policies and information for thinking leaders who want to make a difference in the American South.

It is crafted in the spirit of the LQC Lamar Society, which was started in 1969 by “men and women who believed the South could achieve practical solutions to its prob-

lems, regardless of whether these men were liberal or conservative, white or black, Democrat or Republican, establishment or student.”

As Alabama publisher H. Brandt Ayers wrote in 1971, “The [LQC Lamar] Society would be a network of Southern competence...it would be a conduit which could trap and disseminate good ideas before they were lost in the journals of professional and learned societies...it would be a catalyst which actually made things happen.”

We believe the Center for a Better South serves a similar function today—to develop, discuss and spread good ideas to move the South forward as a region.

We offer this policy book as an effort to work with all leaders to move the South forward. If we want to maintain our republican system of democratic government, and if we want to ensure all Southerners can pursue the freedoms they’re guaranteed, then we have to ensure government’s framework is strong enough to make things happen. In doing so, Southerners will be able to achieve individual goals and, perhaps, their Southern dreams.

Taking a long look at how we raise revenues and trying to make those ways fairer will make the South stronger. The time is now.

—*Andy Brack*
Chairman and President,
Center for a Better South, Charleston, S.C.
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