



## The Problem with Tax Cutting as Economic Policy

All of the business climate rankings view tax cuts as a central tool of state economic policy, but there are many problems with this approach. State and local taxes don't have much impact on economic growth, and in fact, tax cuts can undermine growth if they impede the many public investments that actually play large roles in the prosperity of a state.

### The Lessons of Kansas

For advocates of income tax cutting, Kansas was to be the poster child. But the Kansas experiment has been a costly one for the children of Kansas and for workers, who have seen sub-par job growth. [Read more](#)

### State and Local Business Taxes Are Not Significant Determinants of Growth

State and local taxes on business are too small a share of business costs to have a significant effect on business location. Other costs dominate most businesses' location decisions. [Read more](#)

### Tax Cuts Undermine State Investments in Productivity

Tax cuts do not pay for themselves, and come at a great cost to states. State and local tax cuts cause revenue to drop which cuts into funding of important services. [Read more](#)

## **Personal Income Tax Cuts will Not Boost Small Business and Entrepreneurialism**

Individual income tax cuts will not boost employment in small businesses or stimulate entrepreneurial activity. [Read more](#)

## **Taxes Have Little to Do with People's Decisions to Move to or From a State**

Serious research consistently finds that taxes have little to do with rates of migration into and out of states. [Read more](#)

## **The Estate Tax Has Nothing to Do with Growth**

Despite claims to the contrary, there is no reason to believe that eliminating a state's inheritance or estate tax would help the state's economy. [Read more](#)

## **Resources**

Key reports relating to tax cutting as economic policy. [Read more](#)