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## **Governor Candidates Need to Focus on Economic Growth**

By Michael W. Thompson

6/10/2013 -- As our nation seems to be slowly moving out of recession, it is important that our next Governor continue the job creating focus that Governor Bob McDonnell has had during his Administration.

So far only candidate Ken Cuccinelli has presented an Economic Development Plan that outlines what he would do in taxes and spending. Terry McAuliffe will likely present a plan at some point and I will comment on it when that happens.

The Cuccinelli tax and spending plan released in early May is a comprehensive look at how he perceives the role of government in promoting economic growth – the key to helping everyone in Virginia. A rising tide lifts all ships so a growing economy helps the whole state.

The Cuccinelli Plan of tax cuts, limiting the growth of the General Fund, and eliminating preferential tax treatment for specific industries in return for a more even-handed approach to tax policy, should encourage investment and job growth at this critical time. This plan will make Virginia more business friendly for those businesses already here and an even greater magnet for bringing businesses to our commonwealth. Businesses create the jobs that are the key to economic growth, personal financial stability, and a brighter future. Growing existing businesses here in Virginia, starting new ones and bringing active businesses to settle in our commonwealth are all necessary to a healthy economy.

And a growing economy will be a huge benefit to all of us.

Limiting the growth of the General Fund will, when the economy finally grows at normal rates, make sure that the burden of state government remains the same on each of us year in and year out. This is particularly important when the current focus of the federal government seems to be in growing its influence and increasing taxes to fund those new and growing programs.

The idea of a special “Small Business Tax Relief Commission” to be activated right after the election, that will work with the current Governor, is a responsible way to make the first two years of a governor’s term more effective than most. And the elimination of the job destroying taxes (Business Professional Occupational License – BPOL-- Tax, Machine and Tool --M&T-- tax, and the Merchants Capital—MC tax) is a long overdue effort that can be done while keeping the counties and cities that collect these taxes whole so that no financial burden is felt by these localities.

With both candidates for Governor agreeing to consider the elimination of these three job destroying taxes, it clearly shows that these business-stifling taxes have come to the end of the line. They are on the way out. Counties, cities and towns that now collect these taxes must be made whole if these three taxes are to be eliminated. That can happen and both candidates seem interested in pursuing this idea.

Reducing the income tax burden on our citizens, as the Cuccinelli Plan proposes, is also a good idea. Although Virginia taxes are reasonably low compared to other states, when the federal tax burden is added to our “government bill” our overall tax burden zooms closer to the top of the list nationally. So tax cuts help us have more money in our pockets to spend on consumer goods and investing in our future. This can be done in a revenue neutral way so that our state budget is not harmed.

The Attorney General says that he will off-set his proposed tax cuts through possibly broadening the sales tax to some services that do not now collect them and by eliminating some tax credits that may no longer be as effective as broader tax cuts that can encourage business growth and put cash into the pockets of our citizens.

The Cuccinelli Economic Plan is a responsible approach in taking the next step after the budget and economic progress made under Governor Bob McDonnell.

We look forward to seeing Terry McAuliffe’s comprehensive economic development plan and to compare the two approaches to the role of government in our growing but still struggling economy.

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