

THE PHOENIX BUSINESS JOURNAL

OPINION

Letters to the Editor

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<http://phoenix.bizjournals.com/phoenix/stories/2005/03/14/editorial5.html>

Business community should support low taxes, economic growth

Dear Editor,

I was shocked to read the article in the Feb. 4 issue ("Business leaders split on reversal of anti-tax laws") that certain "business leaders" want to repeal Proposition 108 and raise taxes.

I would expect the business community to support policies that create economic growth. From a macroeconomic perspective, this means creating a low tax and low regulatory environment to encourage entrepreneurial activity and capital formation. High taxes achieve the opposite because they punish productive behavior, thereby retarding economic growth.

The nonpartisan [Tax Foundation](#) provides annual rankings on each state's business tax climate. From 1998 to 2003, the 10 states with the best tax climate grew at a brisk pace of more than 3.5 percent per year. However, the 10 states with the least hospitable tax climates grew barely 2.8 percent.

Not only were the high tax states laggards in economic growth, but they also led the nation with some of the highest per capita state budget deficits.

Arizona's political and business leaders should listen to the workers and businesses who have migrated to Arizona over the past decade. Many of these folks left their homes in high tax states because Arizona's pro-growth environment offered them financial opportunity. Should Arizona adopt the high tax and high regulatory policies of California or Minnesota, the state will find its most productive people emigrating to pro-business states such as Nevada, Colorado and Texas.

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