

Rich States, Poor States: a guide to economic prosperity

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About ALEC

- Founded in 1973
- Largest nonpartisan individual membership organization of state legislators
- ALEC's mission is to advance and promote the Jeffersonian principles of free markets, individual liberty, limited Government, and federalism through our nonpartisan public-private sector partnership of state legislators, members of the private sector, the federal government, and the general public.*

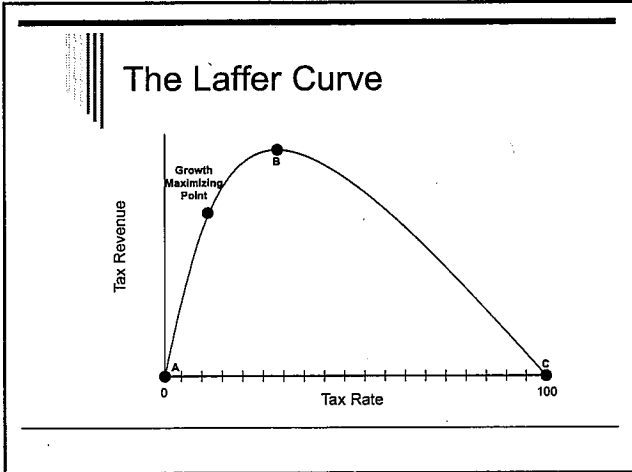
ALEC Principles of Taxation

- Simplicity
- Transparency
- Neutrality
- Predictability
- Pro-Growth

Common Sense or Voodoo Economics?

Sn. Assmnt & Tax
2-7-12

Attachment # 7

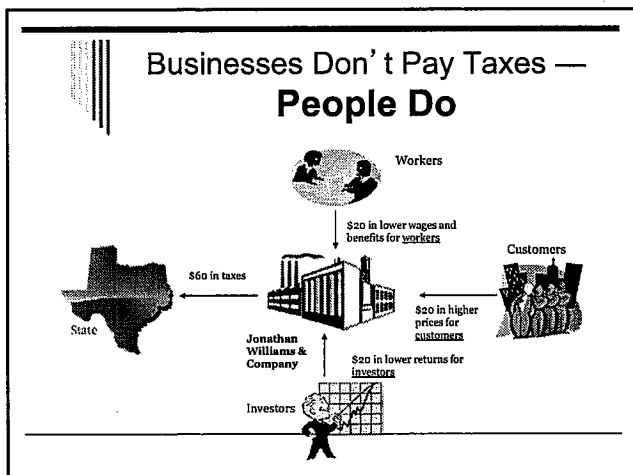
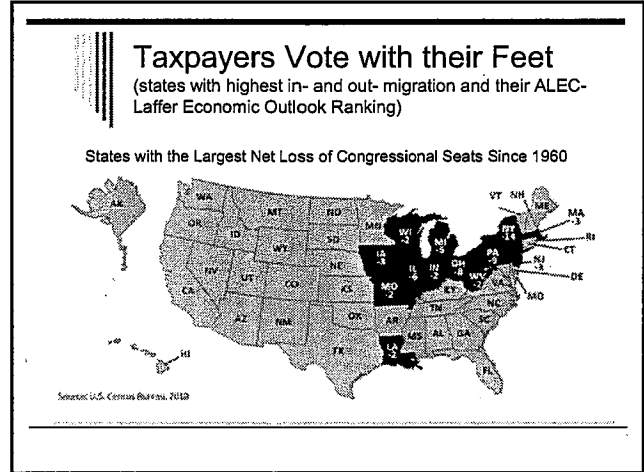
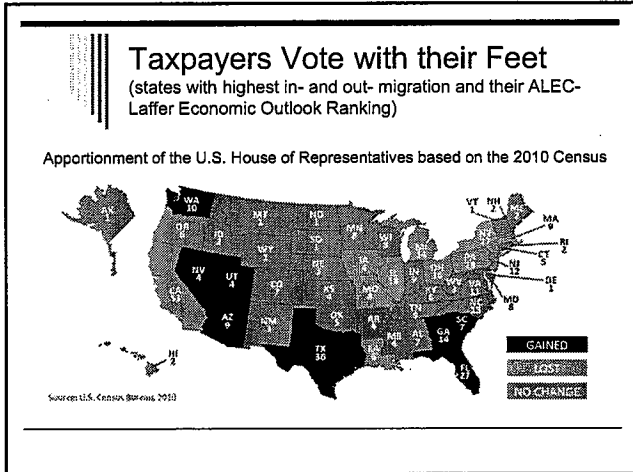


The \$64,000 Question:

Is tax flight really a myth?

| | |
|--|---|
| | |
| Hawaii <i>Lost population 6 out of the last 10 years</i> | California <i>Net loss of 1,466,917 people over the last decade</i> |
| Maui's Avg. Temperature: 84° | San Diego's Avg. Temperature: 71° |

- ### Taxpayers Vote with their Feet
- (states with highest in- and out- migration and their ALEC-Laffer Economic Outlook Ranking)
- | | |
|--|---|
| <input type="checkbox"/> States with Highest In-Migration: | <input type="checkbox"/> States with Highest Out-Migration: |
| 1. Nevada (17) | 1. New York (50) |
| 2. Arizona (12) | 2. Louisiana (15) |
| 3. Idaho (5) | 3. Michigan (25) |
| 4. Florida (10) | 4. New Jersey (45) |
| 5. North Carolina (26) | 5. Illinois (44) |



- ### State Policy Highlights and Lowlights
- Pro-Growth Tax Measures in the States
 - MI Business Tax Elimination
 - UT Pension Reform
 - AR Capital Gains Tax Elimination
 - ND Tax Cut Debate
 - IN Corporate Income Tax Reduction
 - IL income tax hikes
 - CA's mistakes
 - Energy Tax
 - State Budget

Pro-Growth Policies in Texas Bring Big Results (read: JOBS)

- From June 2009 to June 2011, TX Added **Half** of the Nation's 524,000 Jobs
- Doctors Applying to Practice in TX increases **60%** due to Tort Reform
- Right-to-Work State
- Population Growth **21%** over the Past Decade (*more than double U.S. avg.*)

The Nine States with the Highest and Lowest Marginal Personal Income (PIT) Tax Rates

Highest PIT

Avg. Top Rate: 9.79%
(DE, ME, MD, VT, NJ, CA, HI, OR, NY)

No PIT

(AK, FL, NV, NH, SD, TN, TX, WA, WY)

| | | |
|--------|---------------------------------------|---------|
| 44.91% | Gross State Product Growth | 61.23% |
| 6.48% | Population Growth | 13.75% |
| 0.47% | Job Growth | 7.78% |
| 62.43% | Total State Tax Receipt Growth | 123.66% |

Before and After: The Damaging Effects of State Income Tax Gross State Product Relative to U.S.

| State | Prior to Income Tax | 2009 |
|---------------|---------------------|-------|
| Connecticut | 1.74% | 1.57% |
| New Jersey | 3.50% | 3.41% |
| Ohio | 5.32% | 3.32% |
| Rhode Island | 0.43% | 0.34% |
| Pennsylvania | 5.64% | 3.91% |
| Maine | 0.38% | 0.36% |
| Illinois | 6.37% | 4.43% |
| Nebraska | 0.68% | 0.60% |
| Michigan | 5.12% | 2.57% |
| Indiana | 2.59% | 1.84% |
| West Virginia | NA | 0.44% |

Source: U.S. Bureau of Economic Analysis

The Best of the Best: 10 Highest Ranked States

- | | |
|-----------------|-----------------|
| 1. Utah | 6. Colorado |
| 2. South Dakota | 7. North Dakota |
| 3. Virginia | 8. Tennessee |
| 4. Wyoming | 9. Missouri |
| 5. Idaho | 10. Florida |

The Worst of the Worst: 10 Lowest Ranked States

- | | |
|----------------|------------------|
| 50. New York | 45. New Jersey |
| 49. Vermont | 44. Illinois |
| 48. Maine | 43. Oregon |
| 47. California | 42. Rhode Island |
| 46. Hawaii | 41. Pennsylvania |

The Best *versus* the Worst

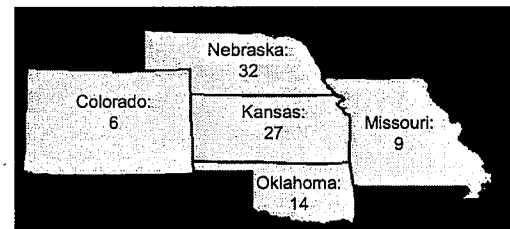
| Top 10 States | Economic Growth Indicator | Bottom 10 States |
|---------------|--|------------------|
| 58.5% | Gross State Product | 41.6% |
| 54.5% | Personal Income Growth | 39.9% |
| 44.3% | Personal Income Per Capita Growth | 41.2% |
| 12.1% | Population Growth | 4.5% |
| 3.0% | Net Domestic in-Migration as % of Population | -2.4% |
| 6.5% | Non-Farm Payroll Employment Growth | -0.9% |
| 7.9% | 2010 Unemployment Rate | 9.2% |

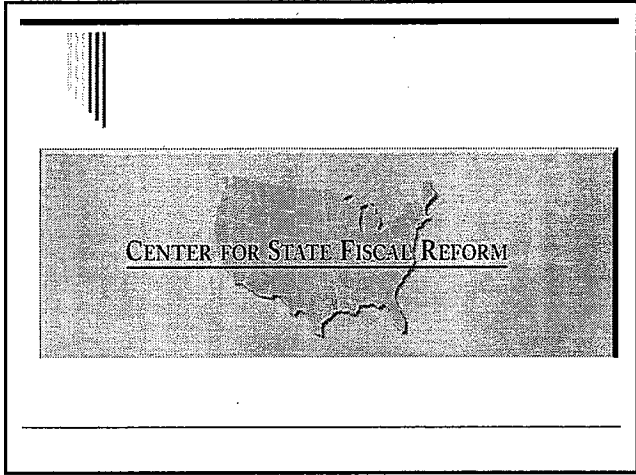
Kansas

Economic Outlook Rank: 27

- Highlights:
 - No Inheritance Tax
 - Right-to-Work State
 - Low Workers' Compensation Costs
 - Relatively Low Remaining Tax Burden
- Lowlights:
 - High Number of Public Employees
 - Lack of Tax Expenditure Limits

Kansas vs. Neighboring States

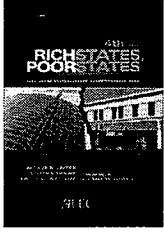




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The complex block contains contact information for Jonathan P. Williams, Director of the Tax and Fiscal Policy Task Force. It includes his phone number, email address, and Twitter handle. A small image of the report cover "Rich States, Poor States" is shown on the right. At the bottom, the ALEC logo and full name are displayed.