

# Investing In Kentucky's Future

## Kentucky Together Coalition

11th Annual Forum

Saturday, September 10, 2016

Demographic, Educational, Social, Employment and  
Economic Issues Facing Kentucky - Today and Tomorrow

Presented by:

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Crouch and Associates

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(Workforce Intelligence Branch Homepage : [www.kylmi.ky.gov](http://www.kylmi.ky.gov))

## ARTICLES

- \* The Changing Face of America - Diversity and Longevity plus World and U\_S demographics - 11-03-2014
- \* The Future of Making Things, Building Things, Inventing Things, and Innovating Things - The Goods - KAM - March, 2010
- \* The New Future of the World 3 - Converge Magazine -Spring, 2007

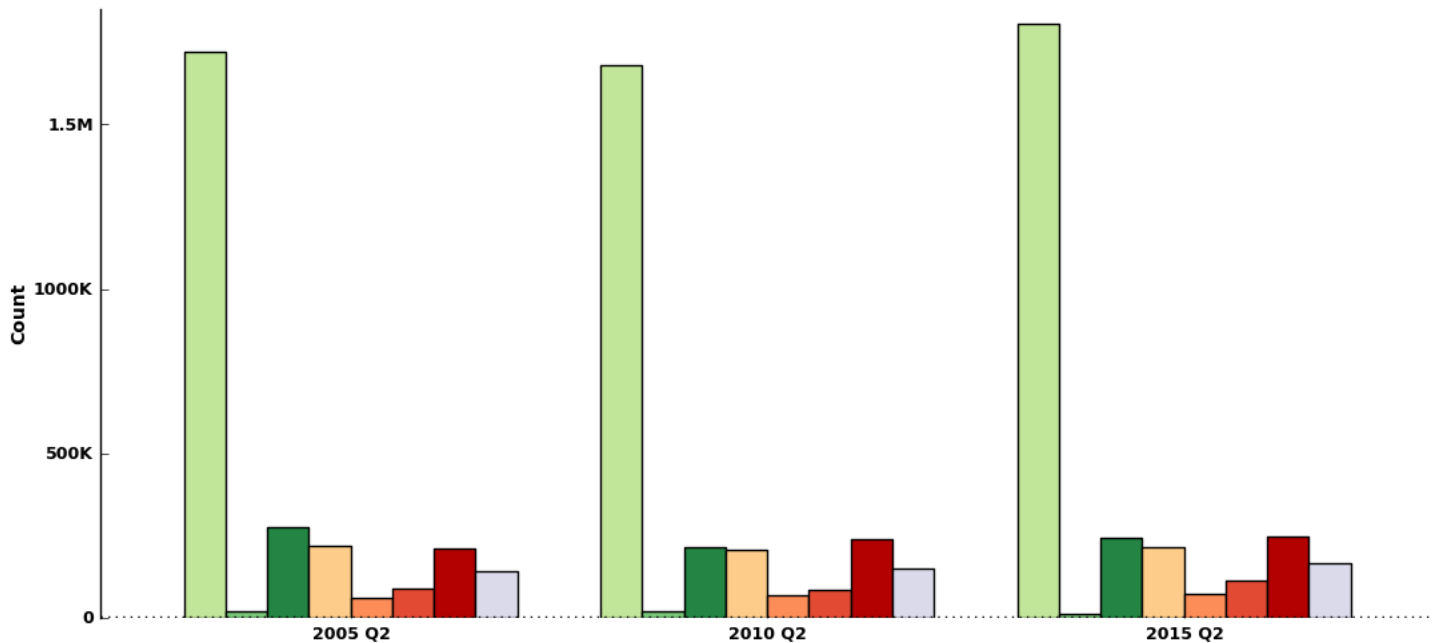
## HANDOUTS

- \* Poverty by Age by ADD by County - 2010-2014 ACS
  - \* Transfer Payments and Per Capita Income - Kentucky, ADDs and Counties - Tables and Maps - Table CA35 - BEA - 2014
  - \* Introduction & Population Change - U.S., Kentucky, ADDs, Metropolitan, Micropolitan and Rural Counties - 2000 Census, 2010 Census, 2015 Population Estimates
  - \* Educational Attainment - 2010-2014 ACS and 2000 to 2010-2014 Change and Comparisons - by Kentucky County by ADD
  - \* Educational Attainment by Gender - 2010-2014 ACS
  - \* Map and Table - Birth-Death Ratio for Kentucky nad ADD's with Counties - 2014 - Kentucky Office of Vital Statistics
  - \* Births - 2014 Kentucky and Border States by Age TFR Race and Hispanic Origin - NVSR
  - \* Births - 23 pages - Explanation Document, Birth Tables and Graphics, and Table 1Is - 1960 to 2014 - Kentucky Vital Statistics - 02-26-2016
  - \* Life Expectancy - Table and Maps - Male and Female Life Expectancy, rankings by county, and difference in years in life expectncy for Kentucky and United States - IHME - 2013
  - \* Populaiton - Components of Population Change for Kentucky - 2010-2014 - 07-16-2015
  - \* Population - Graphics and Tables - Number and Percent Composition of Population Kentucky and United States 1930-2014
  - \* Population - Kentucky, ADD, and County Population Change by Decade - 1900-2010
  - \* Birth Graphics - Fertility Rates by Age, 1970 to 2013, and by Race-Hispanic Origin, 1990 to 2013 - NVSS
  - \* Kentucky Population Trends and by Race-Hispanic Origin - 1980-1990-2000-2010
-

# QWI Explorer

## Kentucky's Beginning of Quarter Employment: Counts by NAICS Sectors

Time: Selected Quarters: 2005 Q2 - 2015 Q2



|         | All NAICS Sectors | Mining, Quarrying, and Oil and Gas Extraction | Manufacturing | Retail Trade |
|---------|-------------------|---|---------------|--------------|
| 2005 Q2 | 1,721,195         | 20,055  | 275,189       | 217,231      |
| 2010 Q2 | 1,680,815         | 21,008  | 215,029       | 205,073      |
| 2015 Q2 | 1,805,898         | 14,047  | 241,854       | 213,062      |

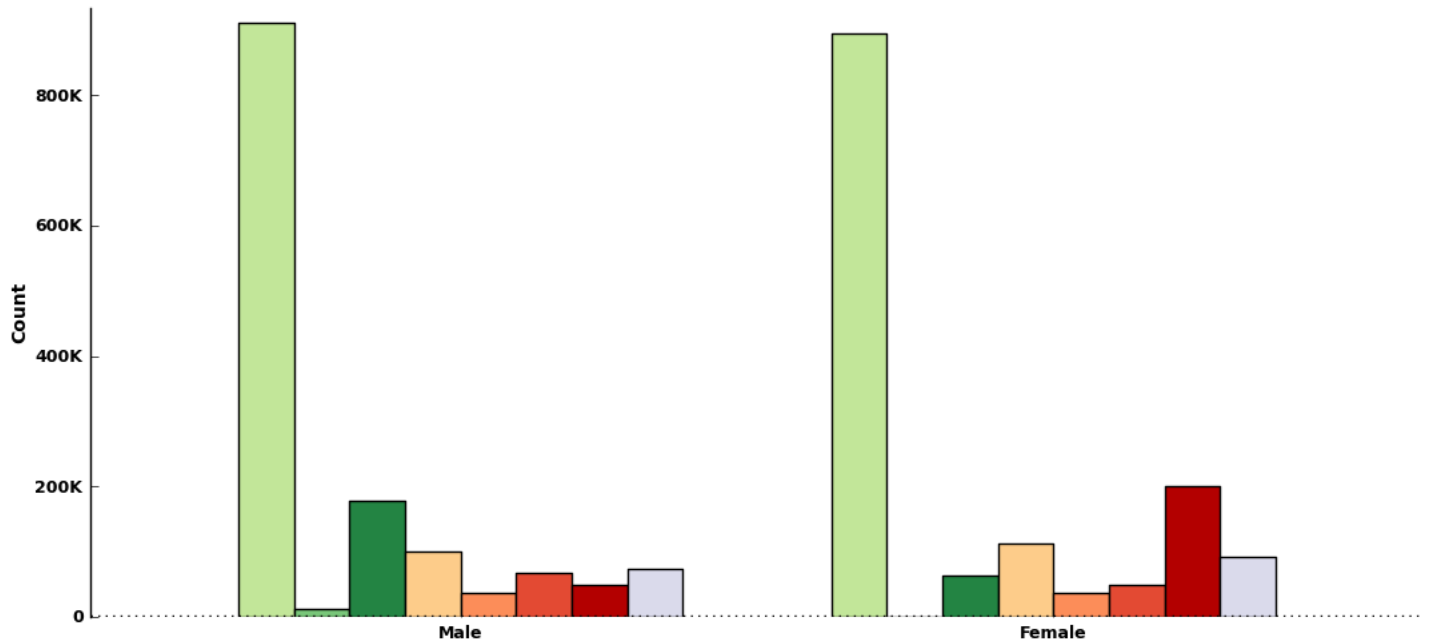
  

|         | Professional, Scientific, and Technical Services | Administrative and Support and Waste Management and Remediation Services | Health Care and Social Assistance | Accommodation and Food Services |
|---------|--|--|-----------------------------------|---------------------------------|
| 2005 Q2 | 61,936   | 88,605   | 212,122                           | 142,112                         |
| 2010 Q2 | 69,075   | 85,918   | 238,706                           | 149,473                         |
| 2015 Q2 | 74,099   | 115,324  | 248,296                           | 164,923                         |

# QWI Explorer

## Kentucky's Beginning of Quarter Employment: Counts by NAICS Sectors and Worker Sex

Time: 2015 Q2



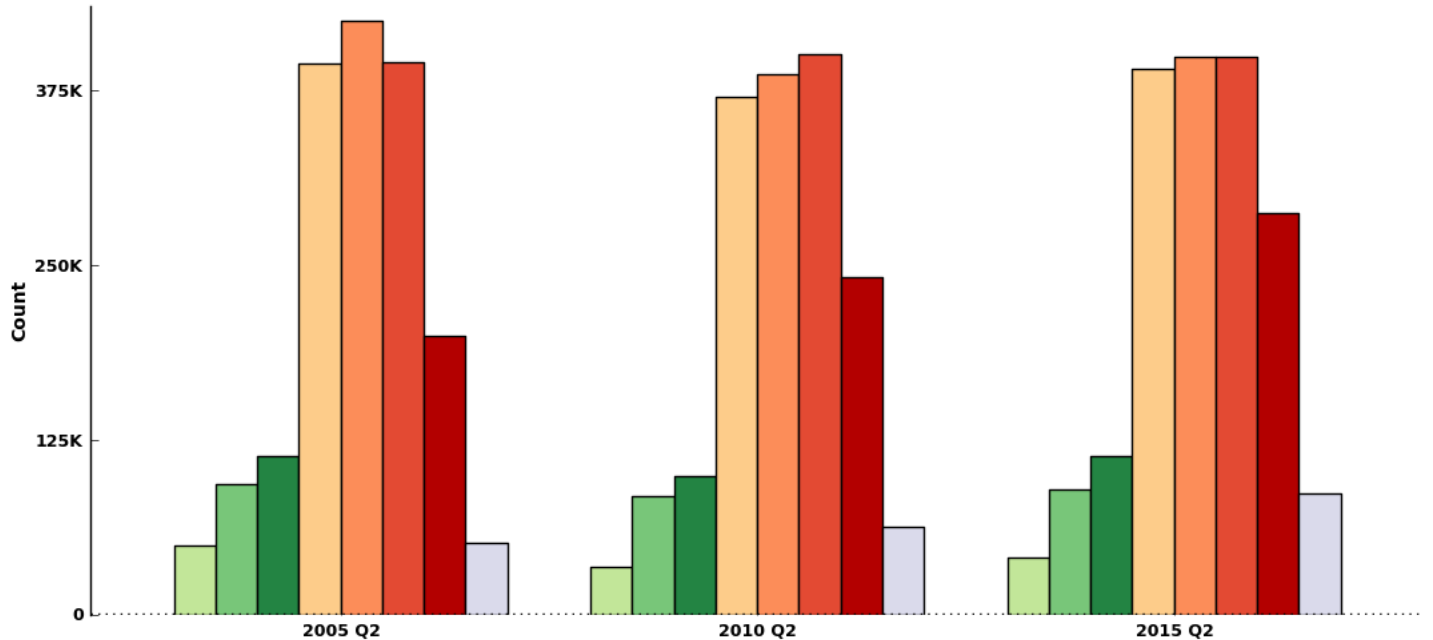
|        | All NAICS Sectors | Mining, Quarrying, and Oil and Gas Extraction | Manufacturing | Retail Trade |
|--------|-------------------|---|---------------|--------------|
| Male   | 911,236           | 13,202  | 177,989       | 100,580      |
| Female | 894,662           | 845   | 63,864        | 112,482      |

|        | Professional, Scientific, and Technical Services | Administrative and Support and Waste Management and Remediation Services | Health Care and Social Assistance | Accommodation and Food Services |
|--------|--|--|-----------------------------------|---------------------------------|
| Male   | 36,724   | 67,020   | 48,494                            | 73,027                          |
| Female | 37,375   | 48,303   | 199,801                           | 91,895                          |

# QWI Explorer

## Kentucky's Beginning of Quarter Employment: Counts by Worker Age

Time: Selected Quarters: 2005 Q2 - 2015 Q2



|         | 14-18  | 19-21  | 22-24   | 25-34   | 35-44   |
|---------|--------|--------|---------|---------|---------|
| 2005 Q2 | 50,062 | 93,212 | 113,986 | 393,795 | 424,821 |
| 2010 Q2 | 34,563 | 84,855 | 98,808  | 370,656 | 386,983 |
| 2015 Q2 | 40,727 | 89,705 | 113,763 | 390,253 | 398,704 |

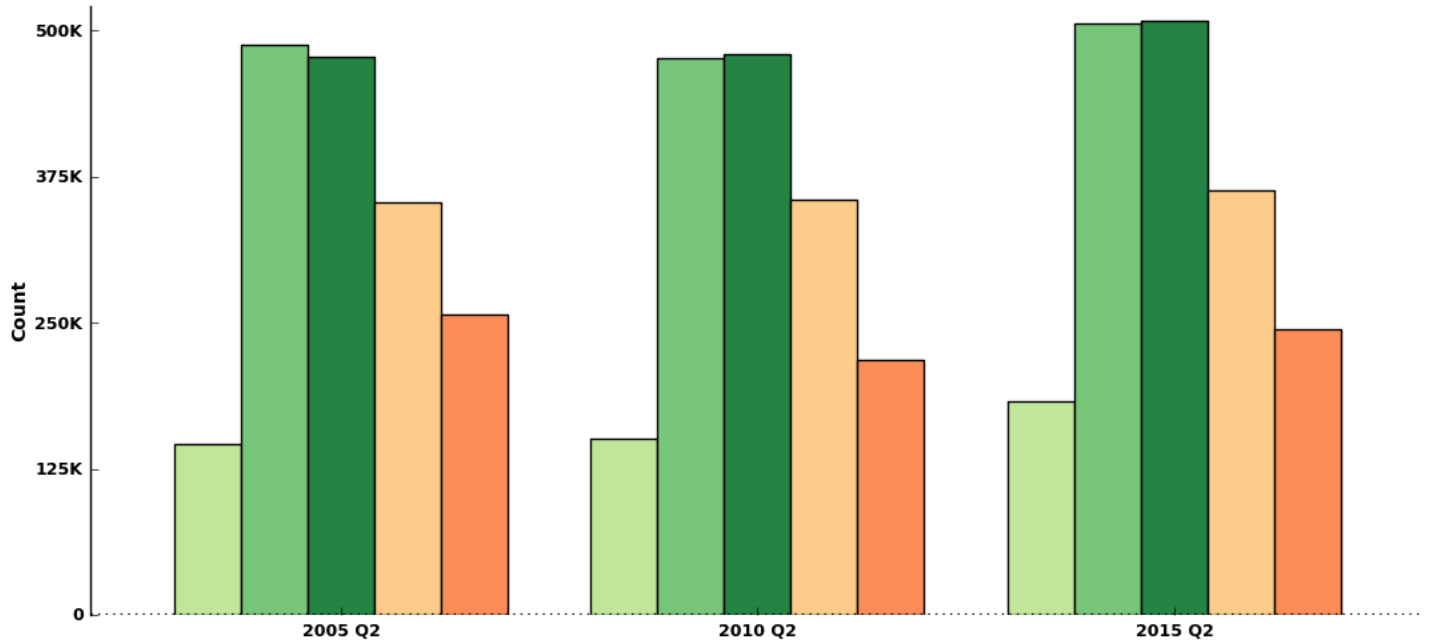
  

|         | 45-54   | 55-64   | 65-99  |
|---------|---------|---------|--------|
| 2005 Q2 | 394,788 | 199,135 | 51,396 |
| 2010 Q2 | 400,520 | 241,084 | 63,345 |
| 2015 Q2 | 398,991 | 287,169 | 86,586 |

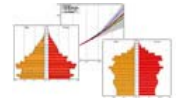
## QWI Explorer

### Kentucky's Beginning of Quarter Employment: Counts by Worker Education

Time: Selected Quarters: 2005 Q2 - 2015 Q2

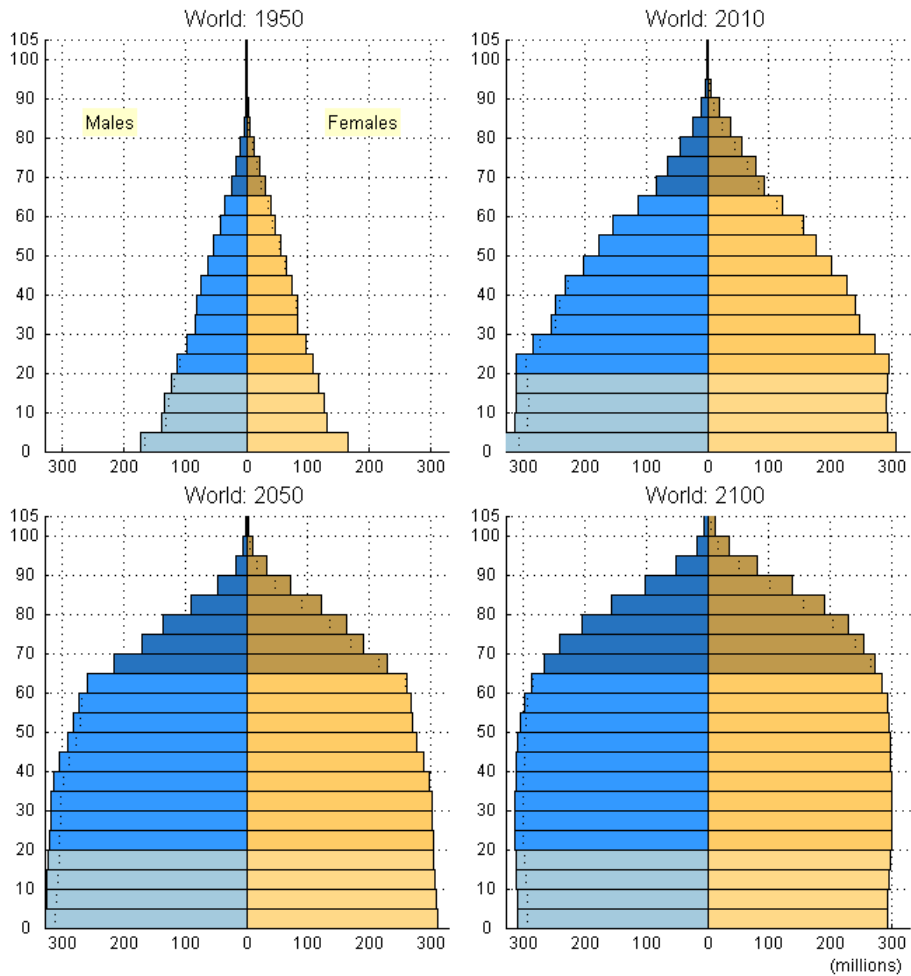


|         | Less than high school | High school or equivalent, no college | Some college or Associate degree | Bachelor's degree or advanced degree | Educational attainment not available (workers aged 24 or younger) |
|---------|-----------------------|---------------------------------------|----------------------------------|--------------------------------------|---|
| 2005 Q2 | 146,297               | 487,407                               | 477,048                          | 353,182                              | 257,260   |
| 2010 Q2 | 151,145               | 475,967                               | 480,340                          | 355,137                              | 218,226   |
| 2015 Q2 | 182,923               | 506,439                               | 508,487                          | 363,853                              | 244,196   |



- Publications
- Frequently Asked Questions
- Data
- Tables in EXCEL-Format
  - Population
  - Fertility
  - Mortality
  - Migration
- On-line Database
  - Population
  - Detailed Indicators
- Key Indicators
- Tables (self-sorting)
  - Population
  - Fertility
  - Mortality
  - Population Ageing
- Figures
  - Country Profiles
  - Analytical Figures
  - Total Population
  - Population by Age and Sex
  - Fertility
  - Mortality
  - Population Ageing
- Documentation
  - Assumptions
  - Definition of Regions
  - Special Aggregates
  - CD-ROM Meta-Information
  - Data Sources
  - Glossary of Demographic Terms
- Methodology
  - Fertility: Probabilistic Method
    - Fertility-Change Model
    - Probabilistic Projections
  - Fertility Maps
  - Documentation
- Probabilistic Population Proj.
  - Total Population
  - Population Age 0-14
  - Population Age 15-64
  - Population Age 65+
- UN Model Life Tables
  - Life Table Data
  - Analyses: Lexis-Plots
  - Analyses: Scatter-Plots
  - Analyses: Age-specific Mortality
- Other Information
  - Order Form: CD-ROMs
  - World Urbanization Prospects
  - Publications: Previous Revisions
  - Contact: Projection Section

Population by age groups and sex (absolute numbers)

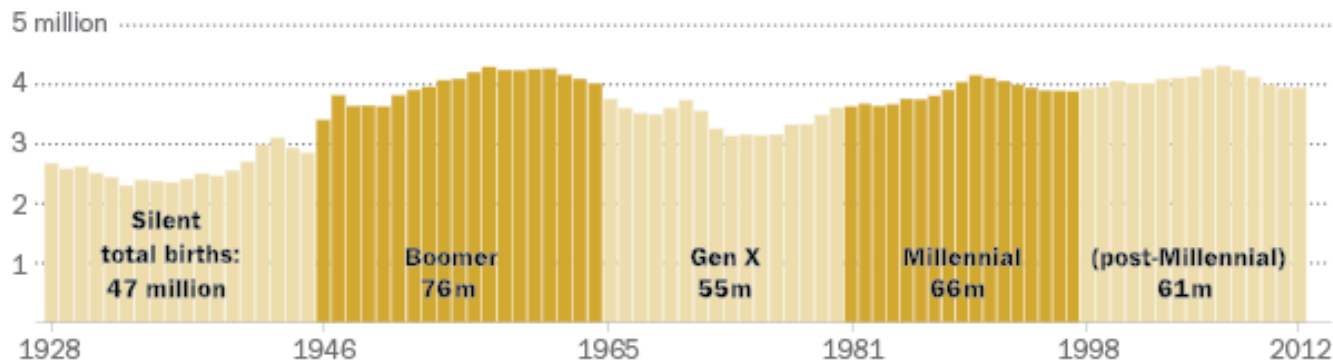


World      <<    Start    >>

**Note:** The dotted line indicates the excess male or female population in certain age groups. Age groups are in thousands or millions.  
**Source:** United Nations, Department of Economic and Social Affairs, Population Division (2011): World Population Prospects: The 2010 Revision. New York

## Births Underlying Each Generation

*Number of U.S. births by year and generation*

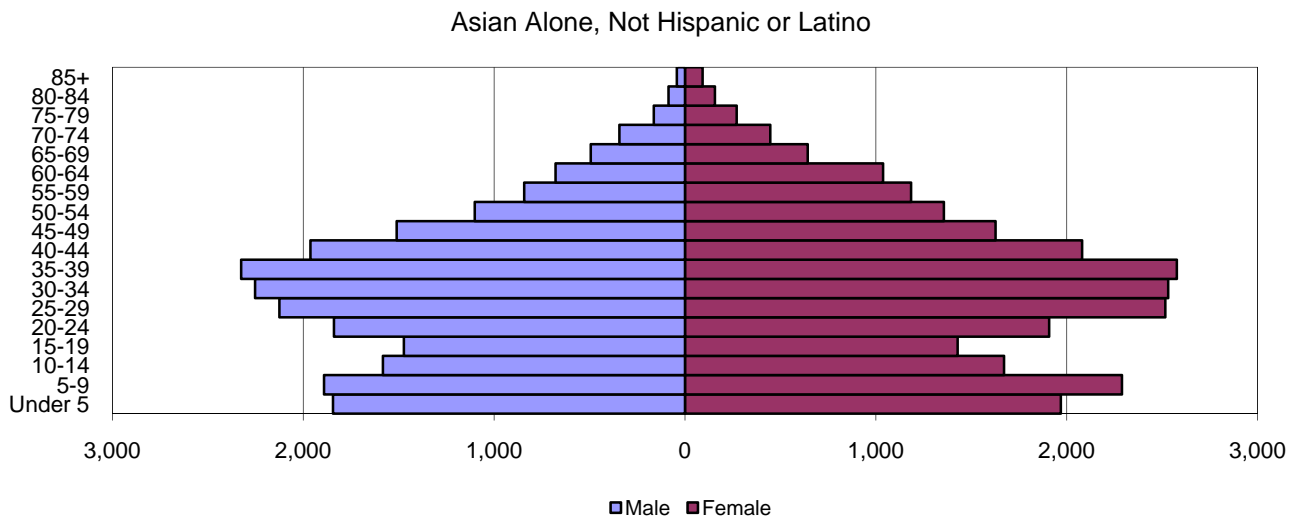
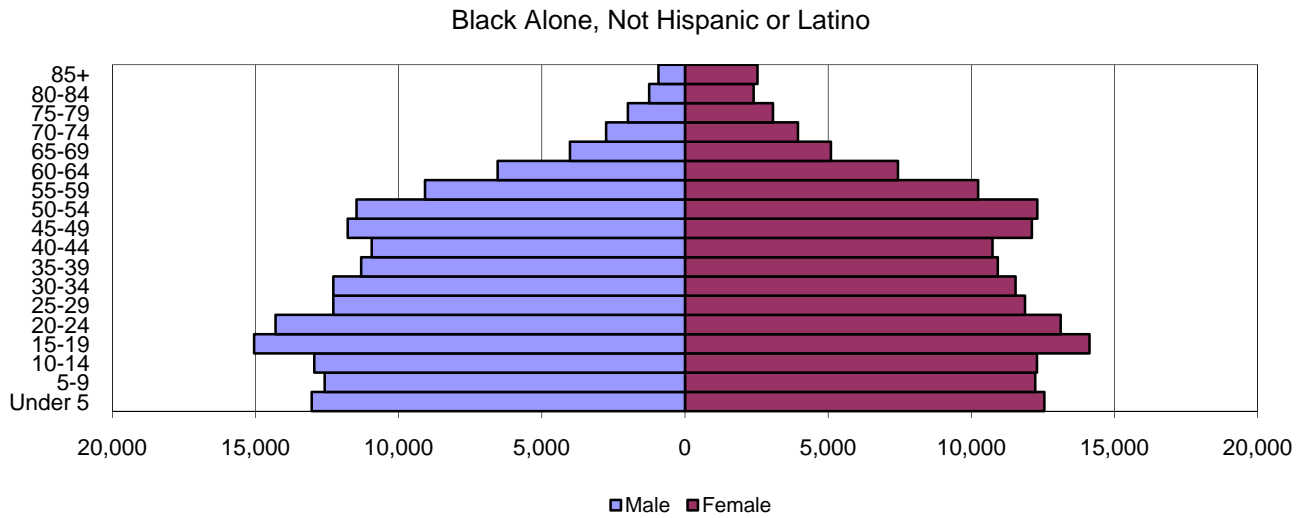
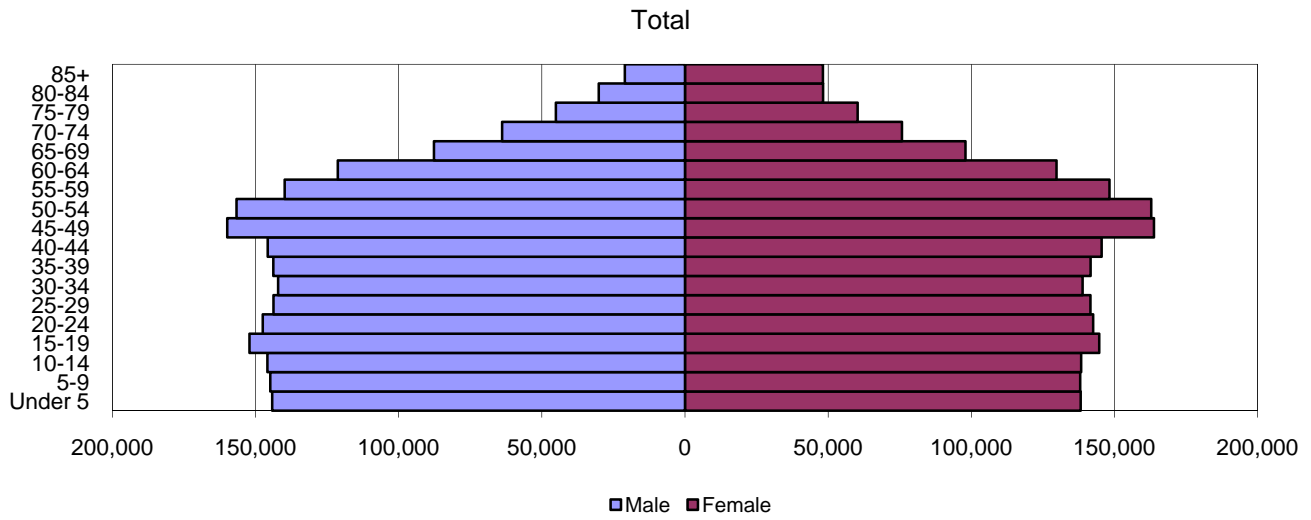


Source: U.S. Dept. of Health and Human Services National Center for Health Statistics

PEW RESEARCH CENTER



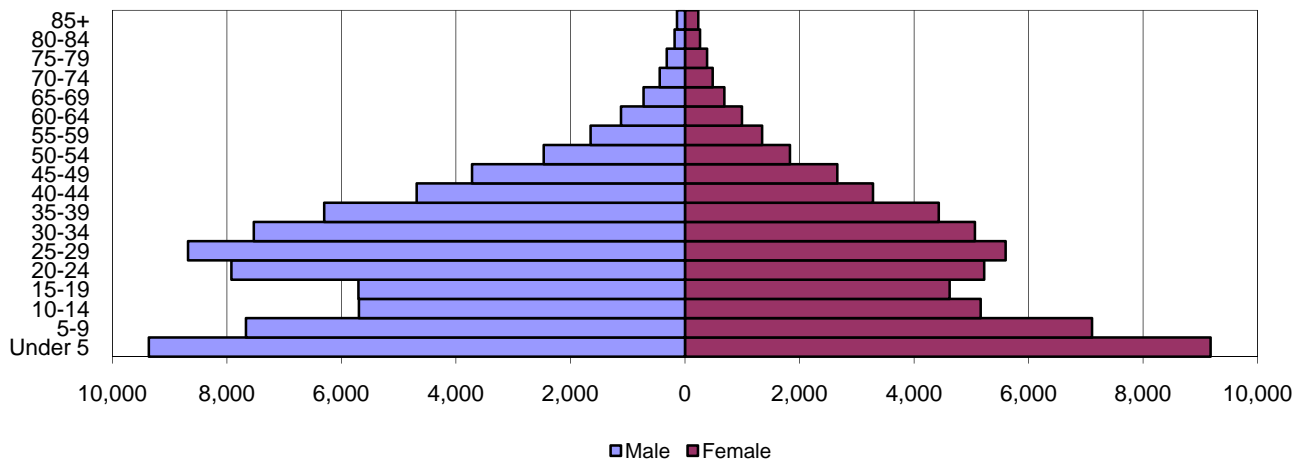
Kentucky 2010 Population Pyramids



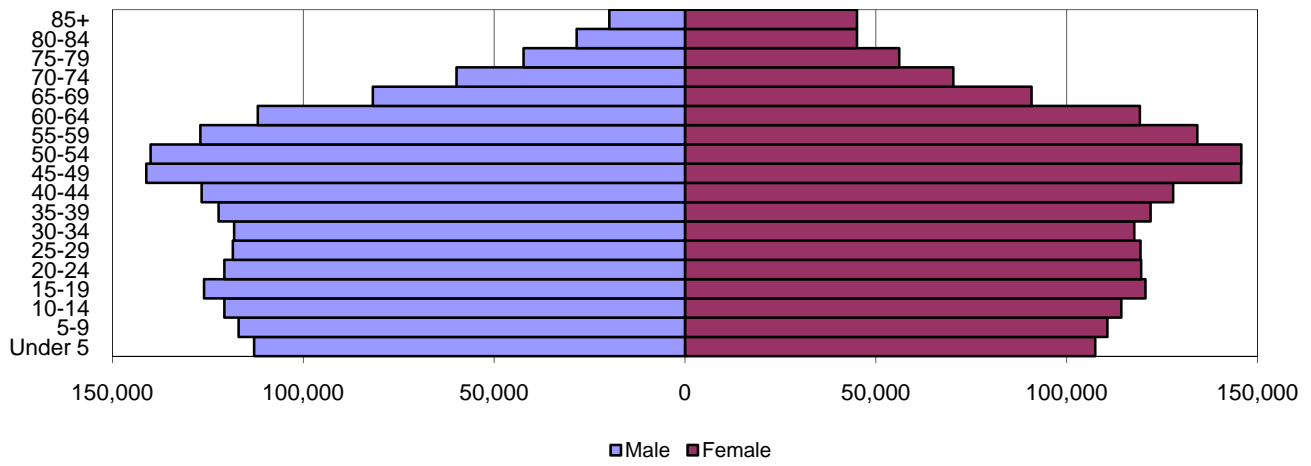
Source: Census Bureau: Census 2010

Kentucky 2010 Population Pyramids

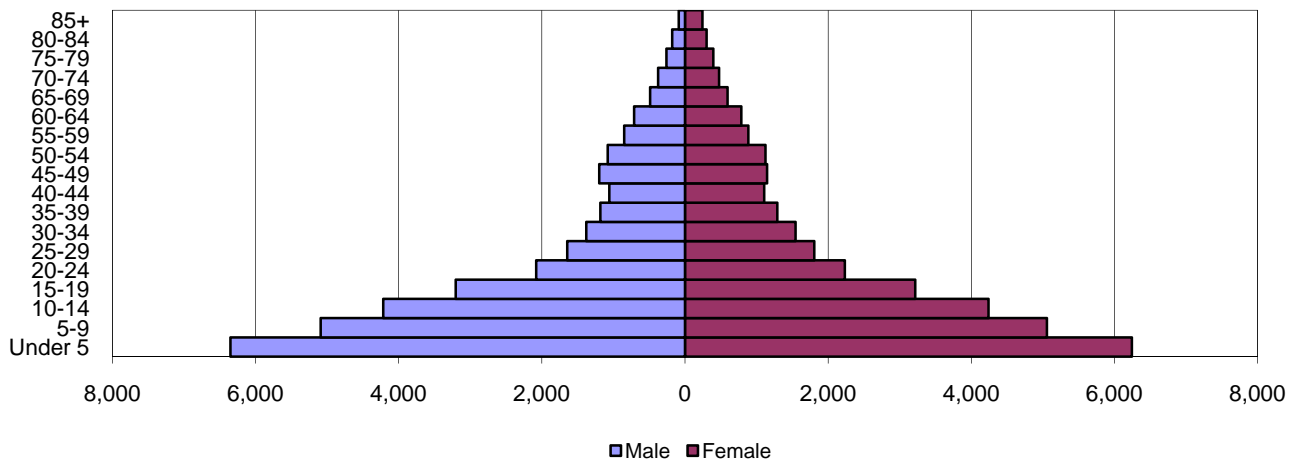
Hispanic or Latino



White Alone, Not Hispanic or Latino



Two or More Races, Not Hispanic or Latino



Source: Census Bureau: Census 2010

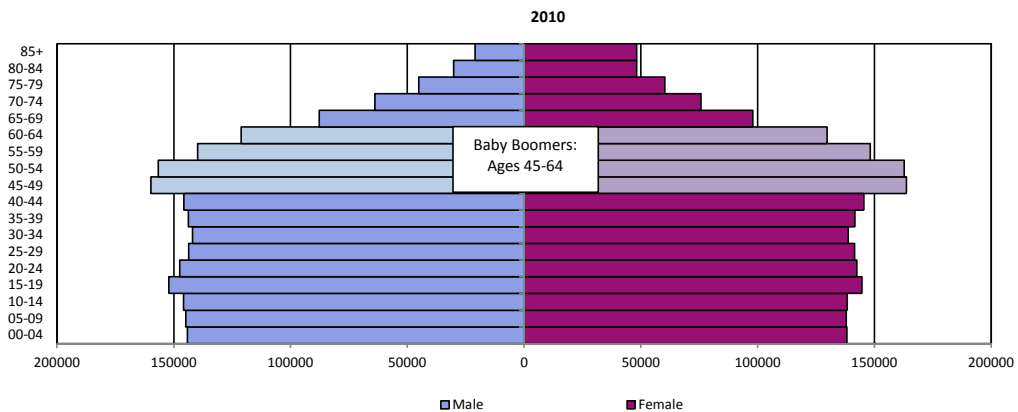
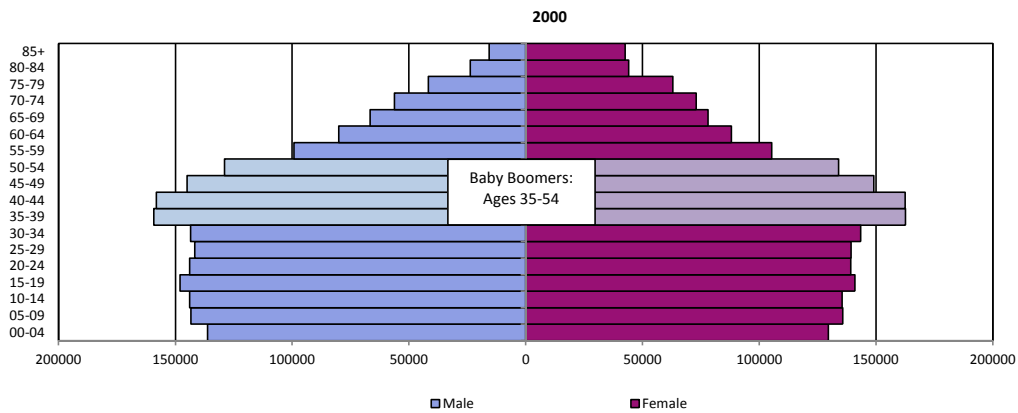
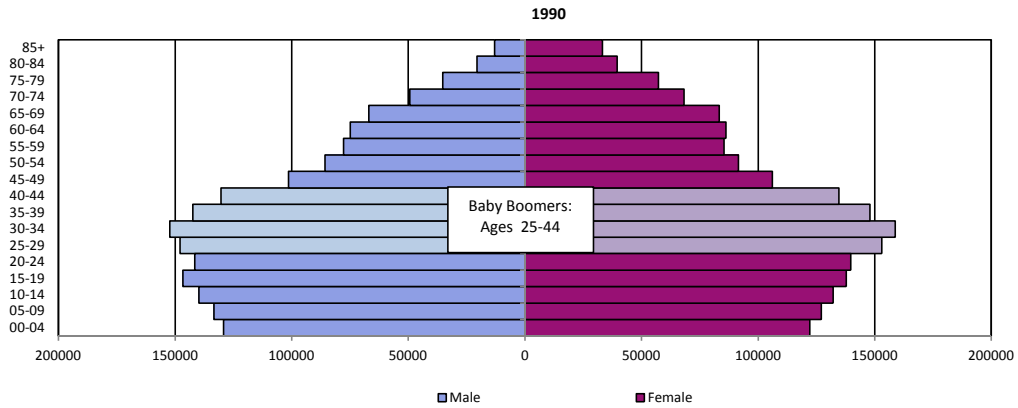
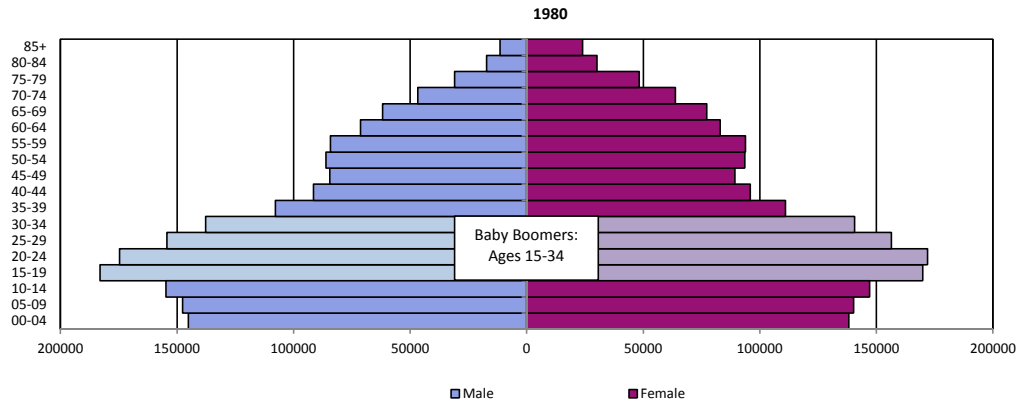
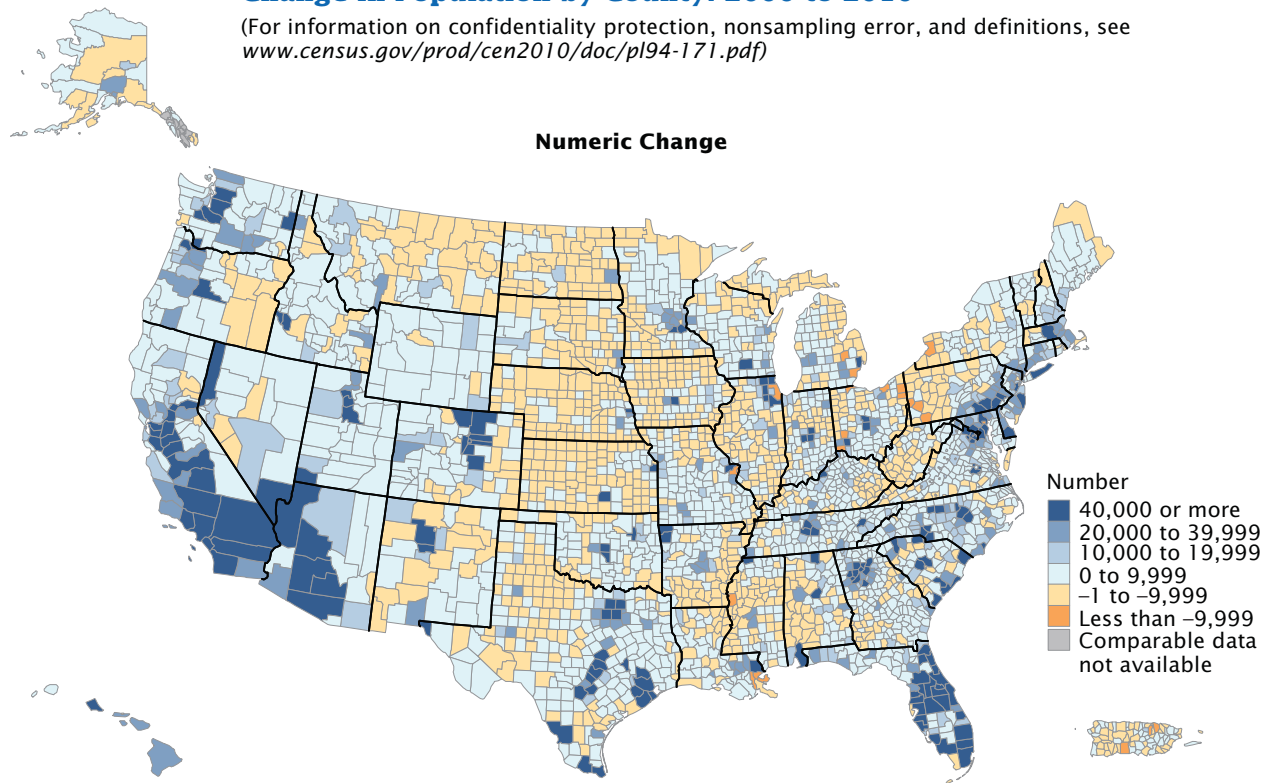


Figure 5.

**Change in Population by County: 2000 to 2010**

(For information on confidentiality protection, nonsampling error, and definitions, see [www.census.gov/prod/cen2010/doc/pl94-171.pdf](http://www.census.gov/prod/cen2010/doc/pl94-171.pdf))







## Kentucky and United States Metropolitan Micropolitan, and Rural Population Change

|                      | 2010        |             |            |            | 2015        |             |            |            | Percent Change |       |       |       |
|----------------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|----------------|-------|-------|-------|
|                      | Total       | Metro       | Micro      | Rural      | Total       | Metro       | Micro      | Rural      | Total          | Metro | Micro | Rural |
| <b>United States</b> | 308,758,105 | 262,464,496 | 27,153,112 | 19,140,497 | 321,418,715 | 275,252,217 | 27,260,617 | 18,905,881 | 4.1%           | 4.9%  | 0.4%  | -1.2% |
| <b>Kentucky</b>      | 4,339,349   | 2,499,352   | 835,458    | 1,006,549  | 4,425,092   | 2,589,407   | 848,552    | 989,148    | 2.0%           | 3.6%  | 1.6%  | -1.7% |

Source: United States Census Bureau, Population Estimates Program, 2010-2015

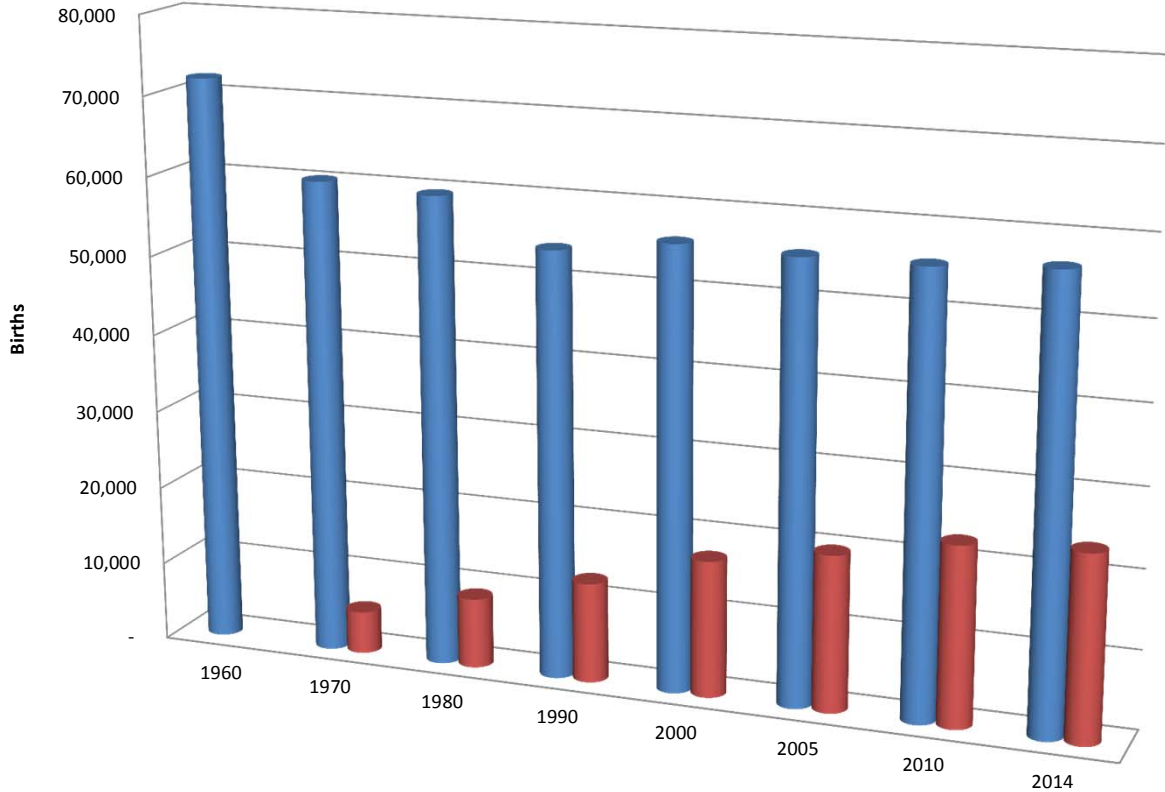
Prepared by: Workforce Intelligence Branch, Office of Employment and Training, Kentucky Education and Workforce Development Cabinet





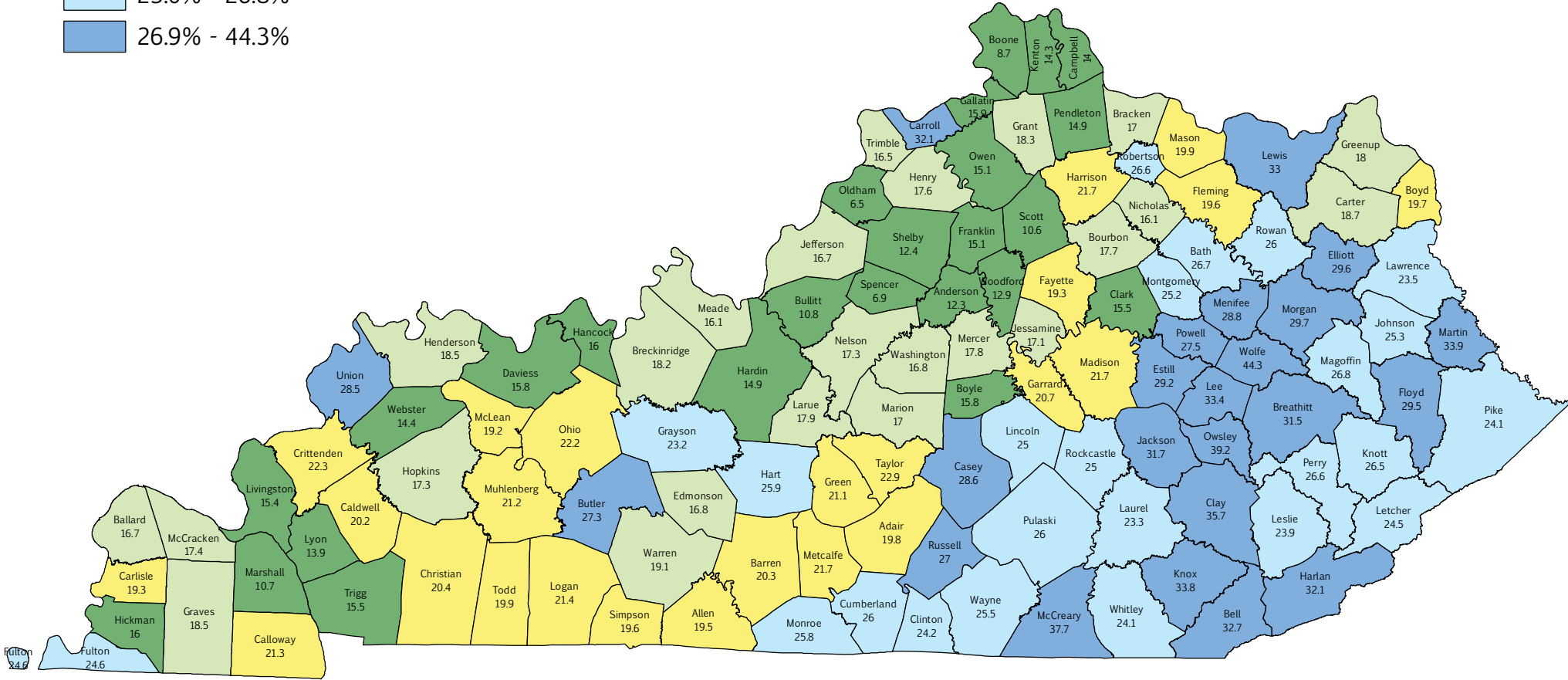
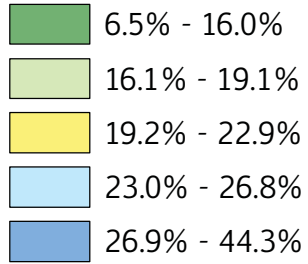


## Kentucky Total and Unmarried Births - 1960-2014



|                  | 1960   | 1970   | 1980   | 1990   | 2000   | 2005   | 2010   | 2014   |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Births     | 72,018 | 60,251 | 59,550 | 54,061 | 55,978 | 55,590 | 55,672 | 56,539 |
| Unmarried Births |        | 5,390  | 8,925  | 12,738 | 17,352 | 19,866 | 22,849 | 23,648 |

# Total Poverty Levels by County, 2014 American Community Survey, 2010-2014



Kentucky: 18.9%

Source: United States Census Bureau, American Community Survey, 2010-2014

12/31/2015

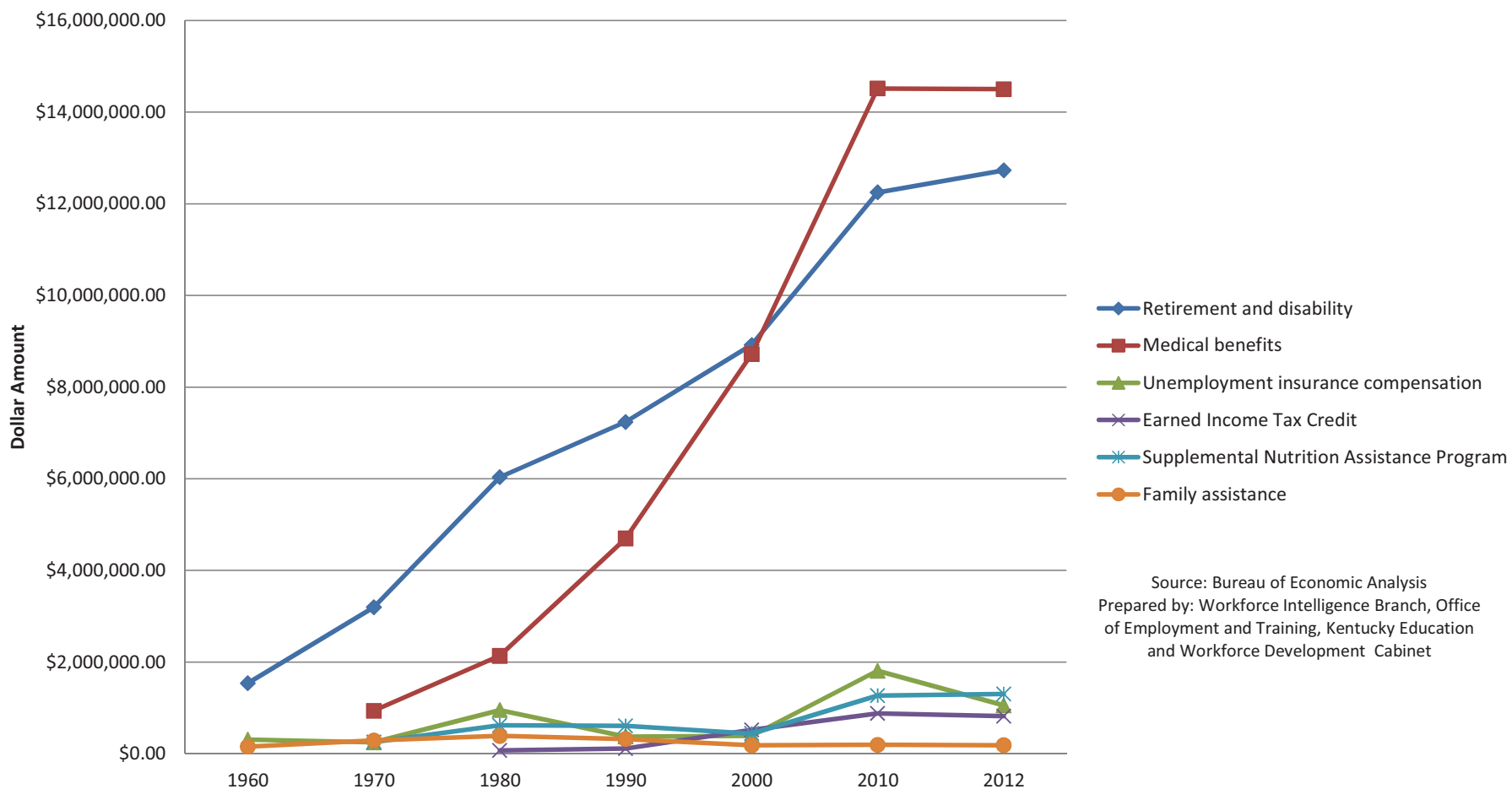
**Statewide Summary**  
**Commonwealth of Kentucky**  
**Cabinet for Health and Family Services**

| <u>Population</u>   |            | <u>Per Capita Income</u>                     |   | <u>Percent Below Poverty</u>    |                |
|---|------------|--|---|---------------------------------|----------------|
| <b>4,413,457</b>  |            | <b>\$32,629.64</b>                           |   | <b>19 %</b>                     |                |
| <b><u>Available Child Care Slots</u></b>                  |            | Number of CHFS Employees                     |   | 7,467                           |                |
| Licensed  | 165,939    | Number of Family Resource Youth Service Ctrs |   | 816                             |                |
| Certified   | 1,913      | Annual Family Resource Youth Service Grants  |   | \$51,502,876                    |                |
| Unregulated   | <u>495</u> | Number of Public Transportation Providers    |   | 153                             |                |
| Total   | 168,347    |  |   |                                 |                |
| <b><u>Food Stamps</u></b>                                 |            |  |   |                                 |                |
| Number of Food Stamp Cases                                |            | 333,500                                      | Total Monthly Redeemed                            |                                 | \$83,982,855   |
| Average Benefit   |            | \$251.82                                     | Total Recipients                                  |                                 | 697,056        |
| <b><u>K-TAP</u></b>                                       |            |  |   |                                 |                |
| Number of K-TAP Cases                                     |            | 17,502                                       | Total Monthly Grant                               |                                 | \$4,141,995    |
| Average Grant   |            | \$236.66                                     | Total Recipients                                  |                                 | 34,611         |
| Total Number of Adults                                    |            | 6,587  | Total Number of Children                          |                                 | 28,024         |
| Number of Males   |            | 914  | Children with Deprivation of Birth out of Wedlock |                                 | 17,740         |
| % Males   |            | 13.88%                                       | Number of Minority Recipients                     |                                 | 8,526          |
| Number of Females   |            | 5,673  |   |                                 |                |
| % Females   |            | 86.12%                                       |   |                                 |                |
| Adults Employed   |            | 1,323  |   |                                 |                |
| Adults Not Employed But Who Have Work History             |            | 4,382  |   |                                 |                |
| <b><u>Length of Time Benefits have been received:</u></b> |            | <b><u>Families with Youngest Child:</u></b>  |   | <b><u>K-TAP Cases with:</u></b> |                |
| 6 months or less  | 3,311      | Under 1                                      | 1,715   | 0 Parent                        | 8,140          |
| 7 to 12 months  | 2,182      | 1 to 2                                       | 3,268   | 1 Parent                        | 8,279          |
| 13 to 18 months   | 1,952      | 3 to 4                                       | 2,602   | 2 Parents                       | 1,083          |
| 19 to 24 months   | 1,683      | 5 to 6                                       | 2,073   | # Minor Parents                 | 300            |
| Over 2 years  | 8,374      | Or any child                                 |   |                                 |                |
|   |            | 16 or over                                   | 2,089   |                                 |                |
| <b><u>Educational Level of K-TAP Adults</u></b>           |            | <b><u>Ages</u></b>                           |   |                                 |                |
|   |            | <u>18 - 20</u>                               | <u>21 - 35</u>                                    | <u>36 - 45</u>                  | <u>46 - up</u> |
| Less than High School or GED                              |            | 248  | 1,245   | 362                             | 181            |
| High School or GED but less than College                  |            | 231  | 3,339   | 712                             | 154            |
| College or Above  |            | 1  | 38  | 33                              | 9              |

\*\*\*\*\*See Attachment A for Data Source Information\*\*\*\*\*



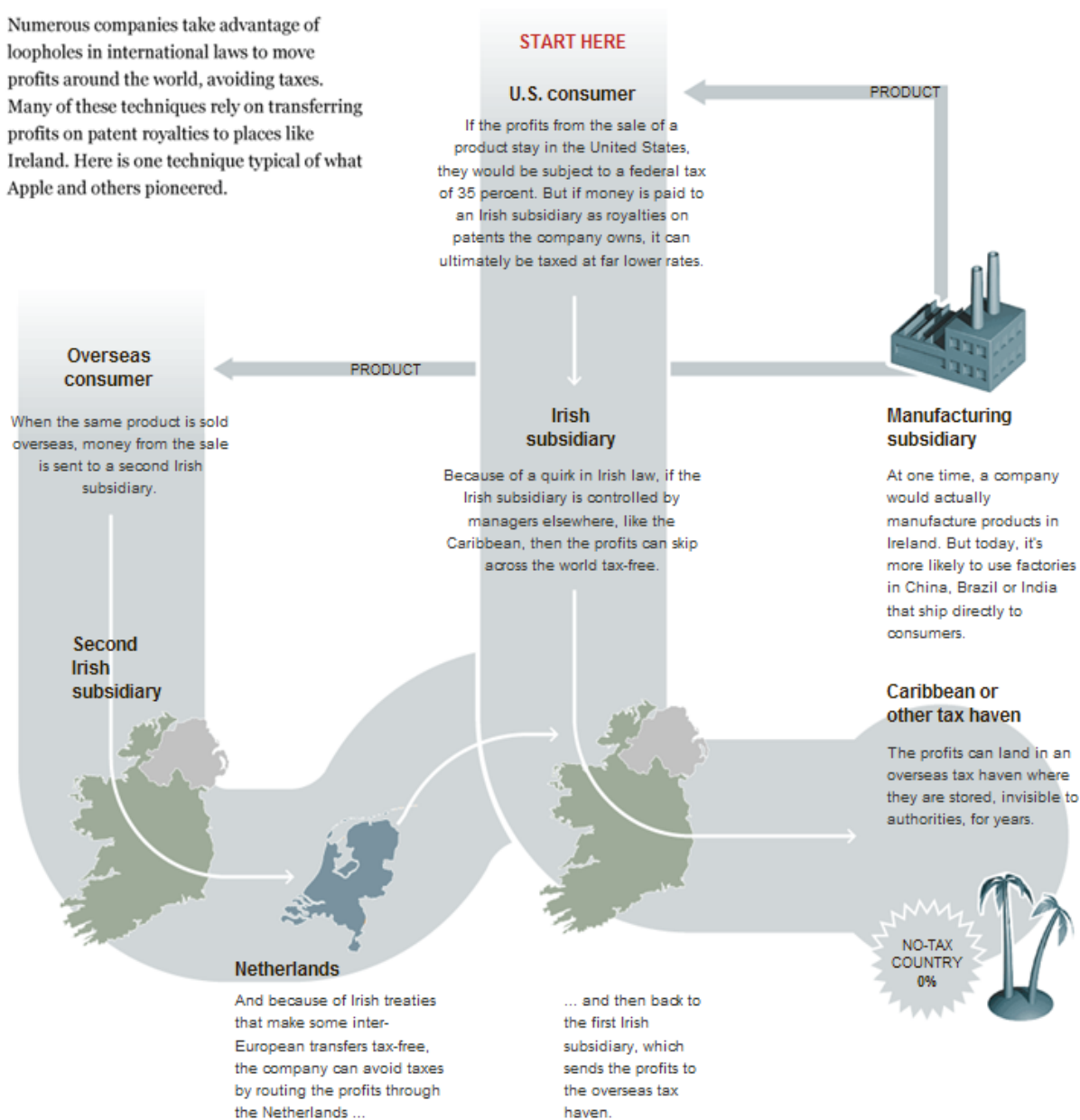
### Personal Current Transfer Receipts in Constant (2012) Dollars: Kentucky



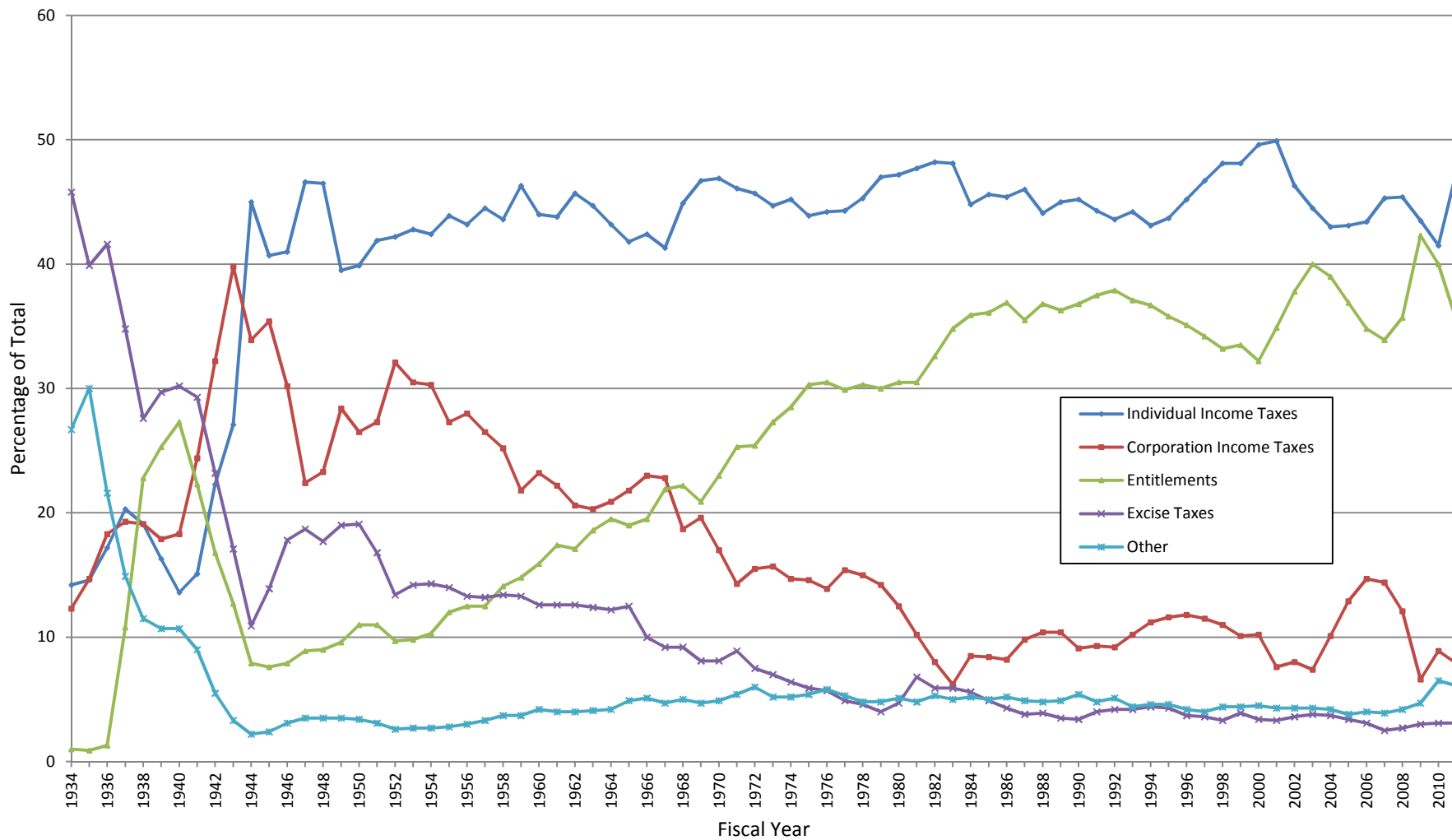
## 'Double Irish With a Dutch Sandwich'

[Related Article »](#)

Numerous companies take advantage of loopholes in international laws to move profits around the world, avoiding taxes. Many of these techniques rely on transferring profits on patent royalties to places like Ireland. Here is one technique typical of what Apple and others pioneered.



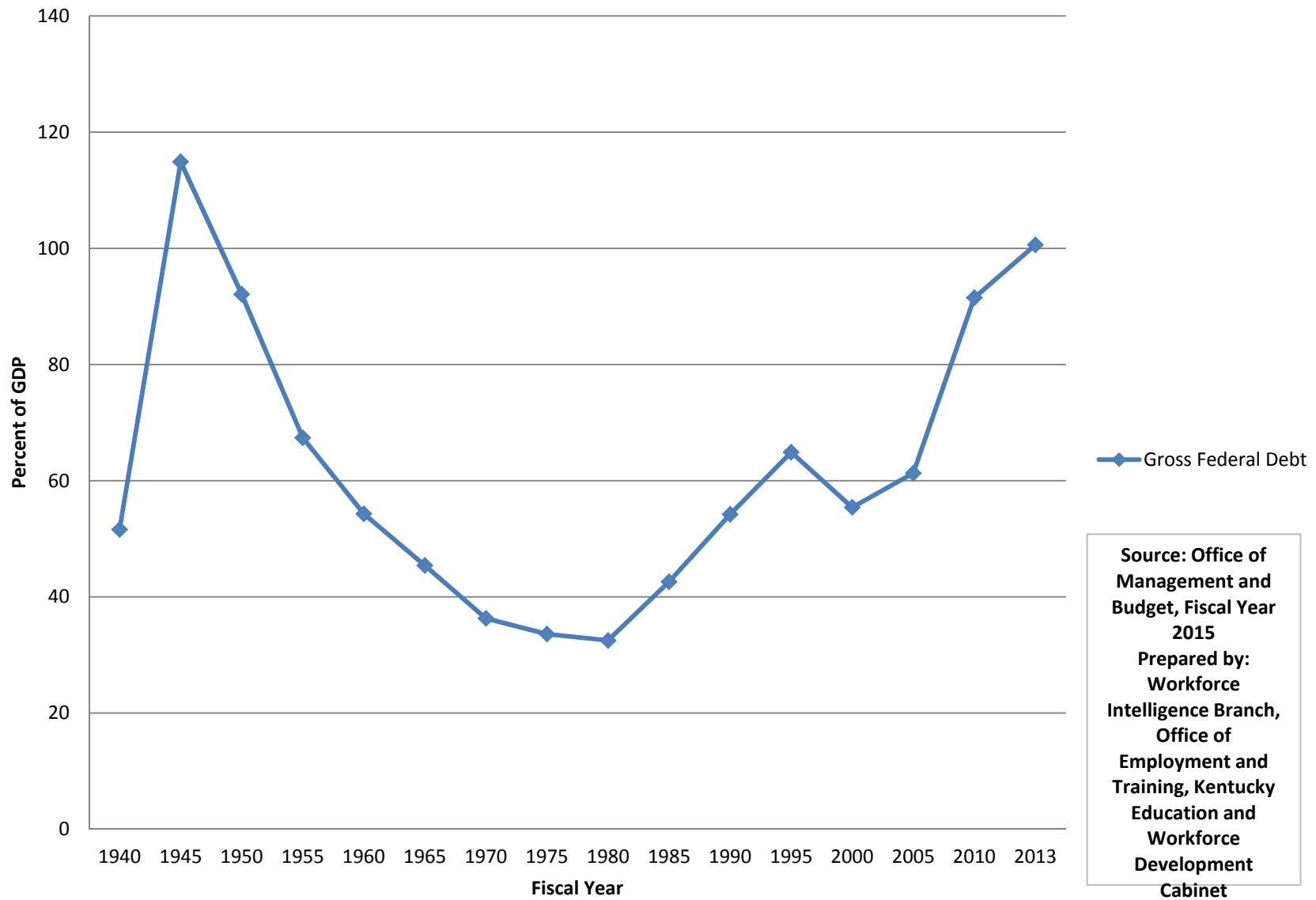
Percentage Composition of Receipts by Source, 1934-2011, United States



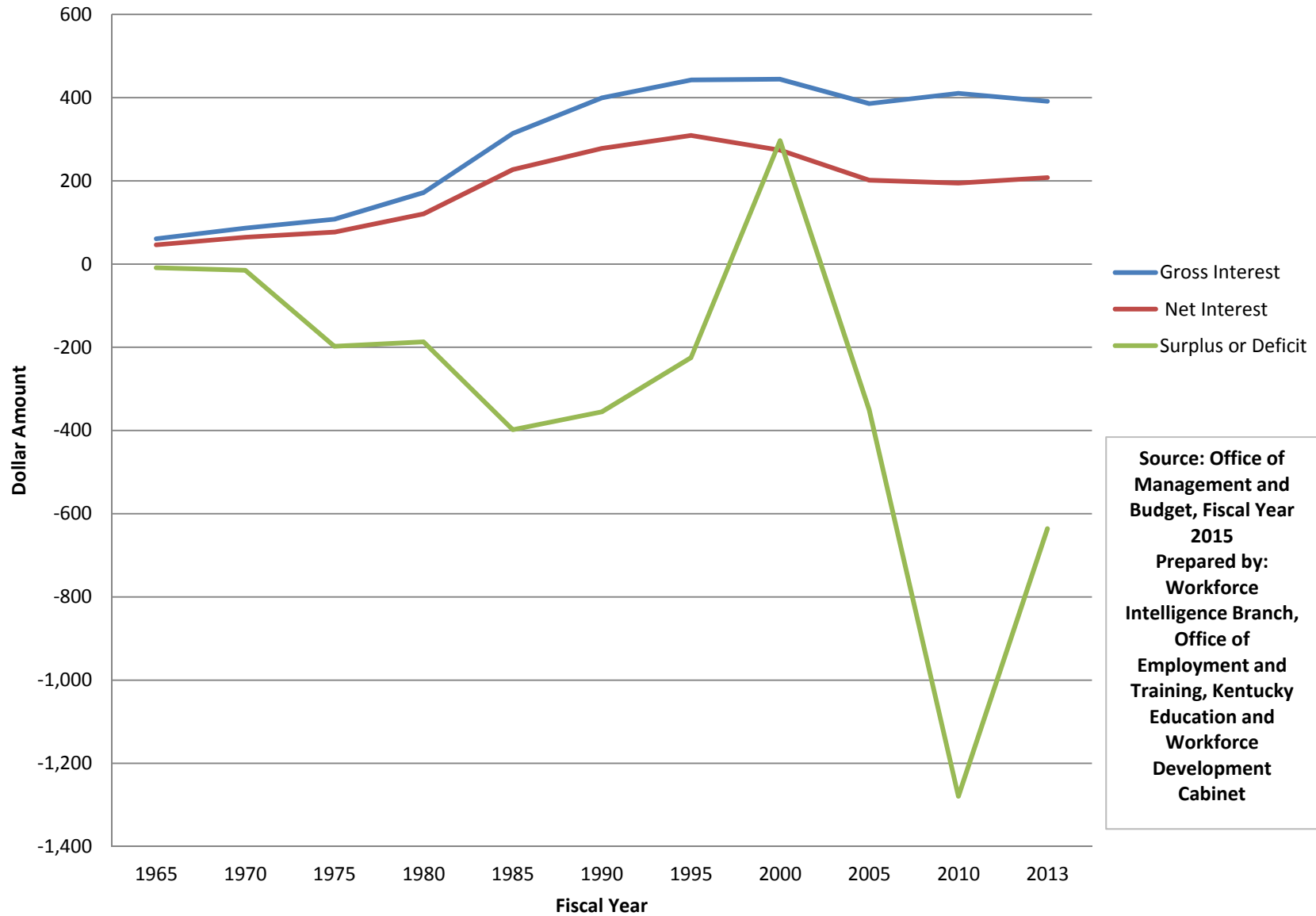
Source: Office of Management and Budget, Fiscal Year 2013 Historical Tables: Table 2.2  
 Prepared by: Research and Statistics Branch, Office of Employment and Training, Kentucky Education and Workforce Development Cabinet



## Gross Federal Debt as Percent of GDP: 1940-2013



## Interest, Surplus or Deficit: 1965-2013



July 10, 2012

# The Machine and the Garden

By ERIC LIU and NICK HANAUER

Seattle

WE are prisoners of the metaphors we use, even when they are wildly misleading. Consider how political candidates talk about the economy. Last month President Obama [praised immigrants](#) as “the greatest economic engine the world has ever known.” Mitt Romney says that extending the [Bush-era tax cuts](#) will “fuel” a recovery. Others fear a “stall” in job growth.

Call it the “Machinebrain” picture of the world: markets are perfectly efficient, humans perfectly rational, incentives perfectly clear and outcomes perfectly appropriate. From this a series of other truths necessarily follows: regulation and taxes are inherently regrettable because they impede the machine’s optimal workings. Government fiscal stimulus is wasteful. The rich by definition deserve to be so and the poor as well.

This self-enclosed metaphor is the gospel of market fundamentalists. But there is simply no evidence for it. Empirically, trickle-down economics has failed. Tax cuts for the rich have never once yielded more net revenue for the country. The 2008 crash and the Great Recession prove irrefutably how inefficient and irrational markets truly are.

What we require now is a new framework for thinking and talking about the economy, grounded in modern understandings of how things actually work. Economies, as social scientists now understand, aren’t simple, linear and predictable, but complex, nonlinear and ecosystemic. An economy isn’t a machine; it’s a garden. It can be fruitful if well tended, but will be overrun by noxious weeds if not.

In this new framework, which we call Gardenbrain, markets are not perfectly efficient but can be effective if well managed. Where Machinebrain posits that it’s every man for himself, Gardenbrain recognizes that we’re all better off when we’re all better off. Where Machinebrain treats radical inequality as purely the predictable result of unequally distributed talent and work ethic, Gardenbrain reveals it as equally the self-reinforcing and compounding result of unequally distributed opportunity.

Gardenbrain challenges many of today’s most conventional policy ideas.

Consider regulation. Under the prevailing assumption, regulation is an unfortunate interruption of a frictionless process of wealth creation in a self-correcting market. But Gardenbrain allows us to see that an economy cannot self-correct any more than a garden can self-tend. And regulation — the creation of standards to raise the quality of economic life — is the work of seeding useful activity and weeding harmful activity.

Is it possible to garden clumsily and ineffectively? Of course. Wise regulation, however, is how human societies turn a useless jungle into a prosperous garden. This explains why wherever on earth one finds successful private companies, one also finds a well-regulated economy, and where regulation is absent we find widespread poverty.

Or take taxes. Under the efficient-market hypothesis, taxes are an extraction of resources from the jobs machine, or more literally, taking money out of the economy. It is not just separate from economic activity, but hostile to it. This is why most Americans believe that lower taxes will automatically lead to more prosperity. Yet if there were a shred of truth to this, then given our historically low tax rates we would today be drowning in jobs and general prosperity.

Gardenbrain, in contrast, allows us to recognize taxes as basic nutrients that sustain the garden. A well-designed tax system — in which everyone contributes and benefits — ensures that nutrients are circulated widely to fertilize and foster growth. Reducing taxes on the very wealthiest on the idea that they are “job creators” is folly. Jobs are the consequence of an organic feedback loop between consumers and businesses, and it’s the demand from a thriving middle class that truly creates jobs. The problem with today’s severe concentration of wealth, then, isn’t that it’s unfair, though it might be; it’s that it kills middle-class demand. Lasting growth doesn’t trickle down; it emerges from the middle out.

Lastly, consider spending. The word spending means literally “to use up or extinguish value,” and most Americans believe that’s exactly what government does with their tax dollars. But government spending is not a single-step transaction that burns money as an engine burns fuel; it’s part of a continuous feedback loop that circulates money. Government no more spends our money than a garden spends water or a body spends blood. To spend tax dollars on education and health is to circulate nutrients through the garden.

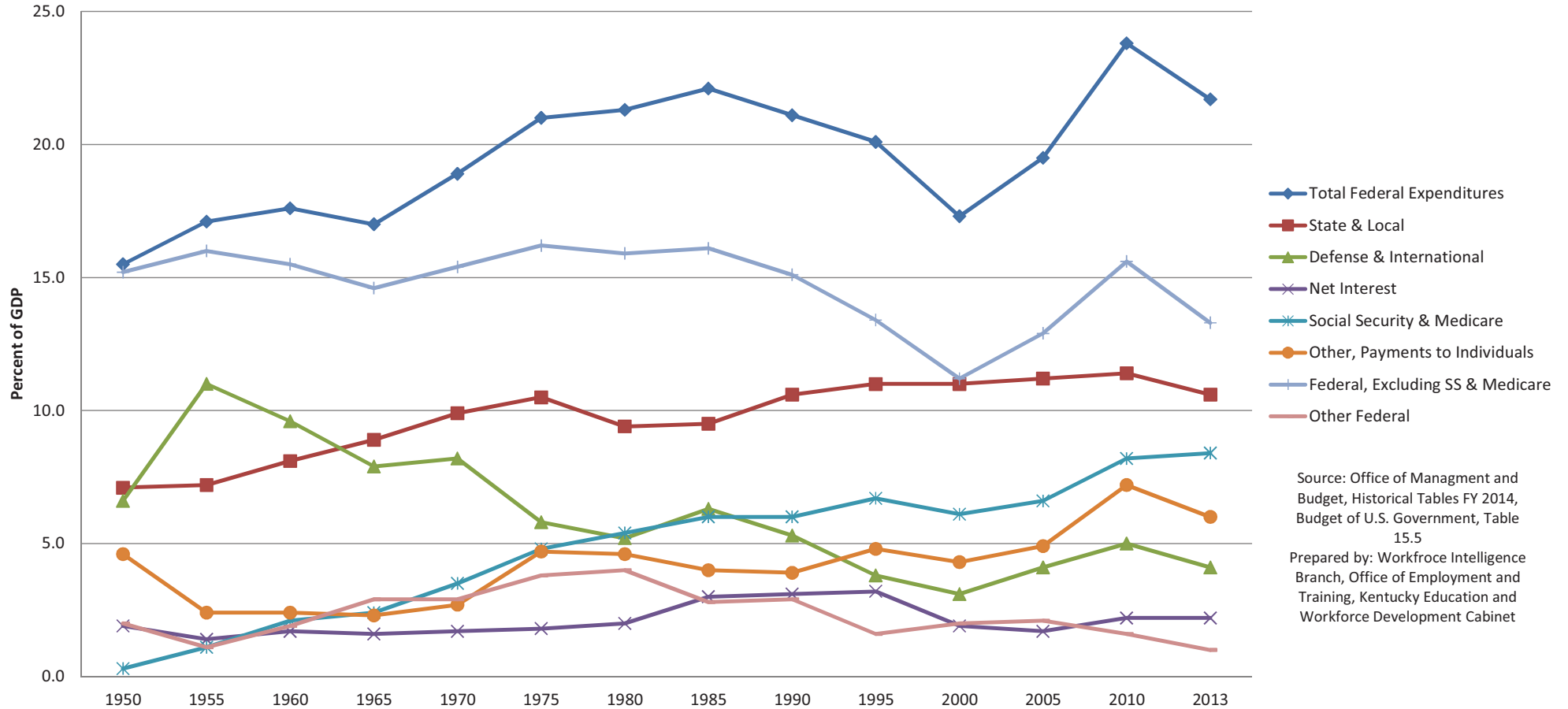
True, not all spending is equally useful, and not every worthy idea for spending is affordable. But this perspective helps us understand why the most prosperous economies are those that tax and spend the most, while those that tax and spend the least are failures. More important, it clarifies why more austerity cannot revive an already weak private economy and why more spending can.

Seeing the economy this way does not make you anti-capitalist. In fact, nothing could be more pro-business and pro-growth than a Gardenbrain approach — because by focusing our attention on the long term over the short, on the power of markets to create wealth through evolutionary adaptations and on the health of the whole rather than a part, it gives us prosperity that is widely shared, sustained and self-reinforcing.

Humans, it is said, originated in a garden. Perhaps that is why we understand so intuitively what it takes to be great gardeners. Find the right ground and cast the seed. Fertilize, water and weed. Know the difference between blight and bounty. Adapt to changing weather and seasons. Turn the soil. This is how a fruitful economy grows.

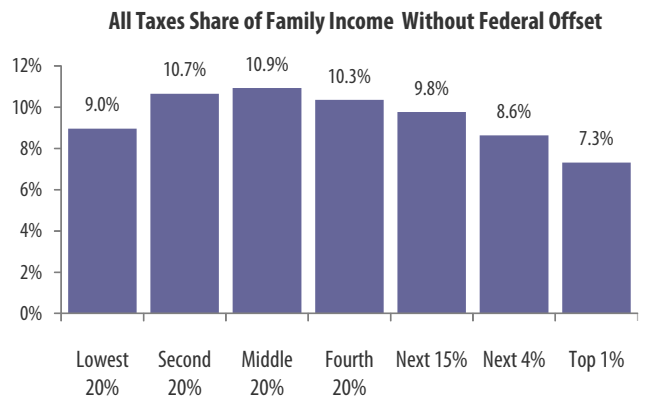
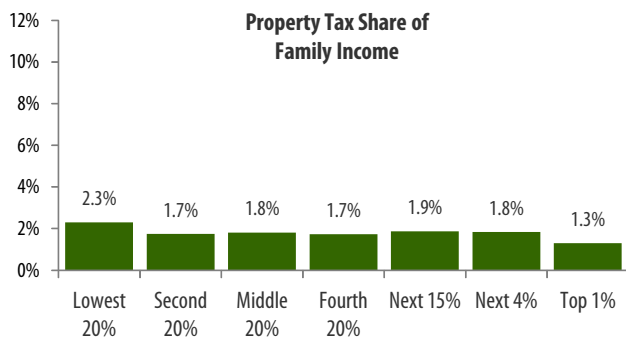
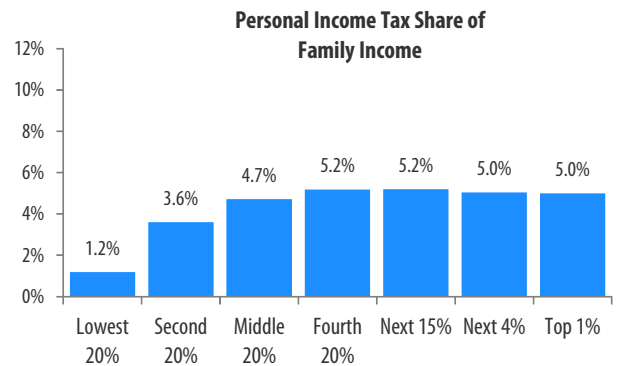
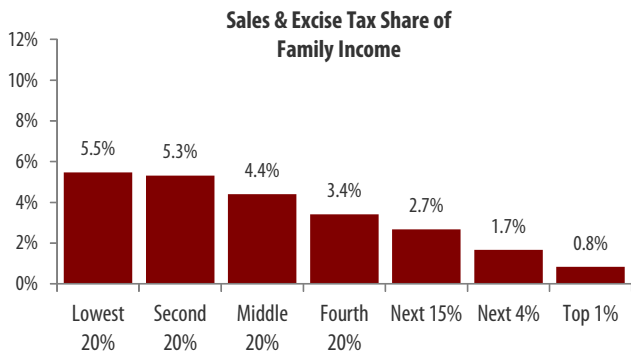
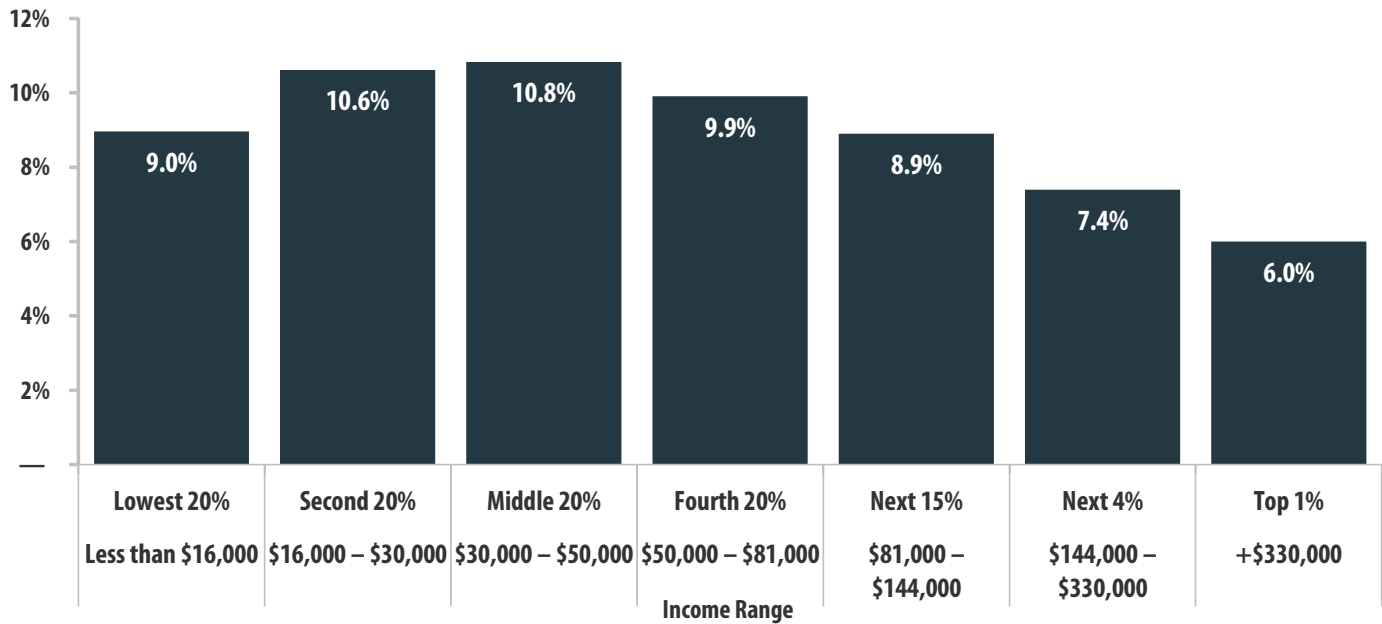
*Eric Liu and Nick Hanauer are the authors of “The Gardens of Democracy: A New American Story of Citizenship, the Economy and the Role of Government.”*

## Total Government Expenditures as Percentages of GDP, 1950-2013



# Kentucky State & Local Taxes in 2015

## Shares of family income for non-elderly taxpayers



Note: Figures show permanent law in Kentucky enacted through December 31, 2014 at 2012 income levels. Top figure represents total state and local taxes as a share of income, post- federal offset.

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## Details, Tax Code Features, & Tax Code Changes Enacted in 2013 & 2014

| Income Group                          | Lowest 20%         | Second 20%          | Middle 20%          | Fourth 20%          | Top 20%              |                       |                   |
|---------------------------------------|--------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|-------------------|
|                                       |                    |                     |                     |                     | Next 15%             | Next 4%               | TOP 1%            |
| Income Range                          | Less than \$16,000 | \$16,000 – \$30,000 | \$30,000 – \$50,000 | \$50,000 – \$81,000 | \$81,000 – \$144,000 | \$144,000 – \$330,000 | \$330,000 or more |
| Average Income in Group               | \$9,100            | \$23,000            | \$38,300            | \$62,500            | \$102,000            | \$202,600             | \$839,500         |
| <b>Sales &amp; Excise Taxes</b>       | <b>5.5%</b>        | <b>5.3%</b>         | <b>4.4%</b>         | <b>3.4%</b>         | <b>2.7%</b>          | <b>1.7%</b>           | <b>0.8%</b>       |
| General Sales—Individuals             | 2.5%               | 2.6%                | 2.3%                | 1.8%                | 1.5%                 | 0.9%                  | 0.5%              |
| Other Sales & Excise—Ind.             | 1.2%               | 1.0%                | 0.8%                | 0.6%                | 0.4%                 | 0.2%                  | 0.1%              |
| Sales & Excise on Business            | 1.8%               | 1.7%                | 1.3%                | 1.0%                | 0.8%                 | 0.5%                  | 0.3%              |
| <b>Property Taxes</b>                 | <b>2.3%</b>        | <b>1.7%</b>         | <b>1.8%</b>         | <b>1.7%</b>         | <b>1.9%</b>          | <b>1.8%</b>           | <b>1.3%</b>       |
| Property Taxes on Families            | 2.3%               | 1.7%                | 1.8%                | 1.7%                | 1.8%                 | 1.5%                  | 0.7%              |
| Other Property Taxes                  | 0.0%               | 0.1%                | 0.0%                | 0.1%                | 0.1%                 | 0.3%                  | 0.6%              |
| <b>Income Taxes</b>                   | <b>1.2%</b>        | <b>3.6%</b>         | <b>4.7%</b>         | <b>5.2%</b>         | <b>5.2%</b>          | <b>5.1%</b>           | <b>5.2%</b>       |
| Personal Income Tax (State and Local) | 1.2%               | 3.6%                | 4.7%                | 5.2%                | 5.2%                 | 5.0%                  | 5.0%              |
| Corporate Income Tax                  | 0.0%               | 0.0%                | 0.0%                | 0.0%                | 0.0%                 | 0.1%                  | 0.2%              |
| <b>Total Taxes</b>                    | <b>9.0%</b>        | <b>10.7%</b>        | <b>10.9%</b>        | <b>10.3%</b>        | <b>9.8%</b>          | <b>8.6%</b>           | <b>7.3%</b>       |
| <b>Federal Deduction Offset</b>       | <b>-0.0%</b>       | <b>-0.0%</b>        | <b>-0.1%</b>        | <b>-0.4%</b>        | <b>-0.9%</b>         | <b>-1.2%</b>          | <b>-1.3%</b>      |
| <b>OVERALL TOTAL</b>                  | <b>9.0%</b>        | <b>10.6%</b>        | <b>10.8%</b>        | <b>9.9%</b>         | <b>8.9%</b>          | <b>7.4%</b>           | <b>6.0%</b>       |

Note: Table shows detailed breakout of data on previous page.

## Kentucky Tax Code Features

### Progressive Features

- Graduated personal income tax structure
- Provides an income tax credit for child and dependent care expenses
- Provides a low-income tax credit linked to the federal poverty level
- Sales tax base excludes groceries

### Regressive Features

- Fails to provide refundable income tax credits to offset sales, excise and property taxes
- Fails to use combined reporting as part of its corporate income tax

## Tax Changes Enacted in 2013 & 2014

- Personal income tax credits were reduced from \$20 to \$10 for single filers (from \$40 to \$20 for married couples)

## ITEP Tax Inequality Index

According to ITEP's Tax Inequality Index, Kentucky has the **33rd** most unfair state and local tax system in the country. States with regressive tax structures have negative tax inequality indexes, meaning that incomes are less equal in those states after state and local taxes than before (See Appendix B for state-by-state rankings and more details).

## Taxes: Regressive or Progressive, Income Tax or Fair or Flat or VAT?

- (1) Coming to a reasoned judgment about tax policy requires clarifying your own values about fairness, sifting through some subtle conceptual issues, and, perhaps hardest of all, evaluating the conflicting claims about the economic impact of tax alternatives. (page 305)

### Tax Cuts as a Trojan Horse

- (2) For many advocates of tax cuts, the real objective is not the tax system but rather the size of government, and tax cuts are really a tactical weapon in the battle to downsize government. The idea is to lower taxes and hope that politicians' (and voters') fear of deficits and dislike of tax increases will force expenditures below what they would otherwise be. Because the ultimate objective is to limit spending initiatives, this is a good idea only if the benefits of the spending that is cut or forestalled fall short of their cost. So the real issue is not the tax system but the proper size and scope of government. (page 306)

Source: Taxing Ourselves: A Citizen's Guide to the Debate over Taxes, Fourth Edition; Joel Slemrod and Jon Bakija, The MIT Press, 2008