

# \$5 Billion Tax Cut

FEBRUARY 2017

ACTION 4 LIBERTY

## Hey, It's Your Money!

Twice a year, the Minnesota State Economist publishes a report that projects revenues and expenditures for the current and upcoming biennium budgets. The projections of the current biennium are not controversial because they detail current levels of spending passed into law. However, when the projections for the upcoming biennium are announced, the State Economist assumes that government spending will continue to grow at a rate of about **7% per biennium; or in the case of the upcoming biennium, \$3 Billion**. To put this in perspective, General Funds spending has grown by a whopping 38% in just the last 6 years.

Legislators and the media use the narrative that the state is facing a \$1.65 Billion budget surplus, but fail to acknowledge that this figure comes from assuming spending grows. If spending is frozen at current spending levels, there would be a large budget surplus (see figures below).

### Spending Grows by 7%

<b>Beginning Balance</b>	\$ 2,721,000,000
Revenues	\$ 45,663,000,000
Spending + 7%	-\$ 44,741,000,000
Budget Reserves	-\$ 1,953,000,000
Stadium Reserves	-\$ 40,000,000
<b>Budget Surplus</b>	<b>\$ 1,650,000,000</b>

(Figures are from February State Economic Forecast)

### Spending Freeze

<b>Beginning Balance</b>	\$ 2,721,000,000
Revenues	\$ 45,663,000,000
Spending freeze	-\$ 41,817,000,000
Budget Reserves	-\$ 1,527,000,000
Stadium Reserves	-\$ 40,000,000
<b>Budget Surplus</b>	<b>\$ 5,000,000,000</b>

The GOP can pass a **massive \$5 Billion tax cut** by simply **freezing current spending** at \$41.8 Billion and **reducing the amount of funds in the Reserves account**. Budget surpluses are failures of government; they take money out of the hands of our private economy and incentivize future spending by politicians. Passing a large tax cut in 2017 assures we will avoid this dilemma by reducing government revenues by \$5 Billion in the 2018-19 Biennium.

## Keeping Promises

Republican legislators campaigned in 2016 on a platform of reducing government and giving Minnesotans tax relief. A \$5 Billion tax cut program would be favorable for our economy and would give legislators something to be proud of when they go back to their districts.