

THE BIGGEST TAX CUT IN ARKANSAS HISTORY

"The Arkansas Policy Foundation estimates that a family of four will save \$234 a year on grocery bills alone, a significant savings in a state where the average taxpayer shells out \$3,088 a year in state and local taxes."

The Wall Street Journal, Feb. 13, 2007

(Feb. 15, 2007) Arkansas Gov. Mike Beebe signed into law today the biggest tax cut in Arkansas history, a 50 percent reduction in the state sales tax on groceries that will save taxpayers nearly \$200 million annually. The measure, which takes effect in July, will reduce the sales tax on groceries from six to three percent. Beebe, a Democrat, has pledged to phase-out the tax.

A fiscal package including the grocery tax cut also features measures to increase the homestead property tax exemption from \$300 to \$350; reduce the sales tax on energy used by manufacturers from six to four percent; and exempt Arkansans earning less than the federal poverty level from state income tax.

State Sen. Bobby Glover, D-Carlisle, sponsor of the measure, cited the Policy Foundation during debate on the issue.

The Policy Foundation has published five research memos on the grocery tax since 2002:

- "Policy Backgrounder: Sales Tax Repeal On Food" (2002)
- "Free Market Economists And The Sales Tax On Food" (2002)
- "Road Map For Arkansas Prosperity" (December 2006)
- "Foundation Releases Grocery Tax Proposal" (December 2006)
- "A Middle Class Tax Cut" (January 2007)

These and other research are available for free to citizens who contact the Policy Foundation.