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Our Opinions: No more delays

It's time to pass state income tax, to lift uncertainty businesses face

September 5, 2005

For nine months now most Texans' eyes have been focused on what the Legislature might do in terms of public school financing.

Of course, it did nothing.

The effect on children, teachers, administrators and the future of our state will be profound.

But, as usual, the inaction of the Legislature has and will have serious unintended consequences.

Some of them have not become obvious yet.

But, one has.

Back in June, Texas' small company owners who were polled by the National Federation of Independent Business said they would go forward in their plans very conservatively.

The NFIB asked owners if they considered the outlook for their business good or bad for the next quarter. A great many said no. Why? Because they feared taxation that might cut into their profits, new taxes that they would either have to absorb or pass on to their customers.

"Those surveyed listed payroll taxes and taxes on inventory as the type of taxes that would have the most adverse effect on their business," according to an NFIB report issued in June. "These two taxes are among the various business taxes state legislators are considering levying against businesses to help fix the school finance crisis."

Today, the situation is precisely the same.

To repeat, the Legislature did nothing but talk and argue during the regular and two special sessions this year.

So fear remains in the air, although there is optimism that as long as the Legislature

stays out of Austin the better.

At some point, new taxes will be levied, and what will they be and who will they target?

Any business operating in a continuing climate of uncertainty will be very conservative in expending resources.

Last Thursday, the NFIB issued its fall report on how company owners feel about what they will do in the next quarter.

It found that the discussion in the last special section about a payroll tax was the most upsetting to businesses.

"NFIB/Texas' 34,000 members have vehemently told us that a payroll tax would spell doom for their business," said Will Newton, state director.

This is just one more of many reasons why the Legislature needs to quit dilly-dallying around and go ahead and approve an income tax.

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