

June 19, 2008

To: Task Force on Comprehensive Revenue Restructuring

From: Senator Frank Morse

Of the various long term proposals presented for our consideration, I believe we need to first agree on the key objectives we want to accomplish as the detail of comprehensive reforms should logically emerge from the objectives. Further, I believe it would be helpful to ask LRO, in concert with our Advisory Council, to craft specific concepts for our consideration at the next meeting that best meet these objectives.

**KEY OBJECTIVES TO GUIDE COMPREHENSIVE REFORMS:**

- 1) Reduce the state's dependence on such a volatile revenue source.
- 2) Create an adequate reserve fund with a positive funding mechanism.
- 3) Create a sustainable revenue structure for local governments.
- 4) Make the reforms, in total, a net reduction in taxes for taxpayers including a major reduction in one of the current revenue sources, if not a total elimination for a majority of taxpayers.
- 5) Create a mechanism and process that assures the public that any reforms are not just a bait and switch for more taxes (including state and local governments).
- 6) Create additional revenue to backfill local and state budget gaps. (i.e. initiative effects and the elimination of Secure Rural Schools payments)
- 7) Make the reforms balanced with respect to progressive or recessive effects.
- 8) Be assured that tax reform will have a positive effect on jobs and the economy.