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Funds from Washington Combined with Regressive State Taxes Account for Most of Mississippi's Annual Budget

JACKSON - A newly released report from the Mississippi Economic Policy Center (MEPC) notes that nearly half (48%) of the \$17.4 billion in appropriations for fiscal year 2008 come from federal sources. Funding for the other half (52%) is largely generated from a regressive system of state taxes.

The report provides an overview of Mississippi's budget process and spending decisions. It also examines the ways in which the state generates revenue to pay for services and evaluates Mississippi's tax structure.

The major findings of the MEPC report are:

- Over the last 10 years, the share of federal revenues as a percent of all Mississippi revenues have risen from 38.6% in 1996 to 49.9% in 2006;
- The top 20% of income earners (with an average salary of \$103,400) in MS pay, on average 7% of their income towards state and local taxes. This is in contrast to the lower middle 20% of income earners (with an average salary of \$15,100) that pay 11.5% of their income on state and local taxes;
- People earning \$30,000 a year are in the same state tax bracket as people earning \$1 million a year;
- Mississippi levies an income tax on working families in poverty.

"Budget decisions directly influence the conditions of the roads that we travel, the safety of our communities, the quality of education that our children receive and the level of trust that we can place in professionals such as doctors, dentists and nurses. Strong fiscal systems are needed to ensure that funds are available to cover the costs of services that Mississippians depend on everyday," said Ed Sivak, Director of the Mississippi Economic Policy Center.

MEPC intends to follow-up the “Taxpayer’s Guide to the Mississippi Budget” report with several other reports due out over the next year on the following topics:

- The effects of a state Earned Income Tax Credit;
- An analysis of fiscal transparency efforts in Mississippi;
- An analysis of predatory lending and foreclosure trends in Mississippi; and
- Mississippi’s Adult Education system;

The Mississippi Economic Policy Center is an independent, non-partisan initiative that produces rigorous, accessible and timely analysis to inform the public policy debate on issues that affect the economic and social well being of working families and low-wealth Mississippians.

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