Kudos to Governor Joe Manchin. On June 23, Governor Manchin outlined a cost-cutting plan that saves state government $318 million over the next five years. Paying state employees by direct deposit saves $200,000; eliminating Medicaid fraud saves $23.8 million; and recalibrating the state's salt spreaders saves $3.5 million. This represents a substantial reduction in the cost of state government—$175 per person, or $700 for every family of four, in West Virginia.

Governor Manchin wants state government to run "as much as possible like a business." Hopefully we can do what a good business does when it finds ways to reduce costs—pass these savings along to consumers—here the taxpayers of West Virginia.

Tax relief can't come soon enough. West Virginia has one of the highest tax burdens (particularly on businesses) and the highest overall level of government involvement in the state economy. For the long-term health and competitiveness of our state economy, lower taxes are an absolute necessity.

"Everyone talks about reducing the size of government but it never happens," says Governor Manchin. While we all recognize that government needs to be cut, the problem is that it requires reductions in government programs. No matter how outdated or useless government programs become, the people who gain from them fight these cuts. This puts elected officials in a precarious position with these subsets of voters.

The cost savings identified by Governor Manchin, however, present a unique opportunity to cut taxes, and the size of government, without fighting the battle to cut programs. We can have the same government services as before at a lower cost. Opportunities like this don't come around often, and we need to recognize the uniqueness of this situation.

Much anticipation awaits the State Legislature's November Special Session that will reform our outdated and burdensome state tax code. Up to this point, one constraint on the reform is that it will be revenue neutral—that is, taxes will be shuffled around, but not reduced.

The recent cost savings outlined by Governor Manchin create the opportunity to enact service neutral, but revenue *reducing*, tax reform. We can maintain programs, while needing less tax dollars to fund them. The cuts do not reduce the services provided by the government—they simply eliminate waste.

Economists estimate that every dollar in taxes extracted from a state's economy destroys approximately $1.50 in private economic activity. The $318 million in cost savings, if passed along to taxpayers, would actually yield a double bonus. Not only will government waste be cut, but the private sector would expand by almost $500 million.

We should not be so quick to mandate revenue neutrality in November's special session. With a quick strike of the budgetary pen, citizens could see a double benefit of both a more efficient government and more growth in the state economy. We have the opportunity to enact tax reform that is revenue neutral *after* subtracting the $318 million—by allowing tax cuts equal to the cost savings. Let’s give the tax reformers room to make cuts.

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