

HB 814 -- Fair Tax Act of 2009

Sponsor: Emery

This bill establishes the Fair Tax Act of 2009 which replaces the state individual and corporate income tax and the estate tax with a fair tax based on all new retail sales and services. Beginning January 1, 2011, the individual and corporate income tax and estate tax will be replaced with the fair tax at a rate of 5.11%. The General Assembly can make one adjustment to the rate after its imposition to make the fair tax revenue-neutral and to provide continued funding for programs. Sales tax exemptions will be eliminated, and tax credits will be phased out. Each family will receive a monthly sales tax rebate based on the number of members in the family and the federal poverty level guidelines to offset the sales tax on basic necessities.

The bill contains a referendum clause and will be submitted to qualified voters in November 2009.