

HCS HJR 36 -- FAIR TAXATION (Emery)

COMMITTEE OF ORIGIN: Committee on Tax Reform

Upon voter approval, this proposed constitutional amendment replaces the state individual and corporate income tax and state sales and use tax with a fair sales tax of 5.11% on retail sales of new tangible personal property and taxable services beginning January 1, 2012. The General Assembly can make one adjustment to the rate after the imposition of the tax to adjust the amount of revenue received to make the tax revenue-neutral and to provide continued funding for programs. A component part or ingredient of a new tangible personal property to be sold at retail, federal government purchases, and business-to-business transactions including agriculture will be exempt from the new sales tax while all other exemptions and tax credits will be eliminated. Any new exemptions will require a 2/3 affirmative vote by the General Assembly and approval by the Governor. The conservation sales tax, the soil and parks sales tax, and local sales taxes will be recalculated to produce substantially the same amount of revenue. Each qualified family will receive a sales tax rebate based on the federal poverty level guidelines to offset the sales tax on basic necessities.

FISCAL NOTE: Estimated Effect on General Revenue Fund of an Income of \$0 in FY 2010, an Income of \$0 or a Cost of More than \$100,000 in FY 2011, and an Income of \$0 or a Cost of Unknown in FY 2012. No impact on Other State Funds in FY 2010, FY 2011, and FY 2012.