

## HJR 8 -- Fair Taxation

Sponsor: Koenig

Upon voter approval, this proposed constitutional amendment phases out the state individual income tax and replaces the corporate income tax, corporation franchise and bank franchise taxes, and state sales and use tax with a fair sales tax of up to 7% on retail sales of new tangible personal property and taxable services. Beginning January 1, 2015, the state sales tax rate will be 4% and will gradually increase annually over the next four years to make the tax revenue-neutral and to provide continued funding for programs. The individual income tax will decrease 25% per year until eliminated based on the average collections over a five-year period. The sales tax on used motor vehicles will be phased out over a period of time but must be by January 1, 2019. Property purchased to be a component part or ingredient of a new tangible personal property to be sold at retail, federal government purchases, business-to-business transactions including agriculture, purchases for investment, tuition and fees for education, purchases of motor fuel when subject to an excise tax, certain insurance premiums or fees, and purchases of used tangible personal property will be exempt from the new sales tax while all other exemptions will be eliminated. No tax credits will be authorized after January 1, 2015, and no authorized tax credits, other than the senior citizens property tax credit, will be allowed after the elimination of the individual income tax. The conservation sales tax, the soil and parks sales tax, Proposition C sales tax, and local sales taxes will be recalculated to produce substantially the same amount of revenue. Each qualified household member will receive a sales tax rebate. The amount of the annual rebate will be \$2,800 per taxpayer with a maximum rebate of \$11,200 per household until 2019 when the rebate amount will be increased based on the increase in the federal Consumer Price Index in the previous year.

The resolution provides a process for the approval or rejection of the State Treasurer's recommendation for the adjusted state sales tax rate by the General Assembly and modification of existing state taxation statutes by the Revisor of Statutes.