



Property Tax Independence Act

House Bill 76 and Senate Bill 76

March 12, 2013

Background

The Property Tax Independence Act was first introduced during the 2011-12 legislative session. As the legislation was being considered, the Independent Fiscal Office (IFO) conducted a comprehensive analysis of the amount of money that would be required to replace school district property taxes and the revenues that would have been raised through the previous version of the legislation. The IFO study was the missing piece of the equation necessary to ensure revenues and expenses remained in line and the bill would be a revenue-neutral swap to replace school property taxes. Using the comprehensive IFO study, the sponsors of the Property Tax Independence Act revised some of the numbers in the legislation and have reintroduced it for the 2013-14 legislative session.

Brief Overview

The Property Tax Independence Act would replace school district property taxes with revenues derived from the following sources:

- Existing gaming revenues;
- An increase in the state Personal Income Tax of 1.27 cents (from 3.07 percent to 4.34 percent);
- An increase in the state Sales and Use Tax of 1 cent (from 6 percent to 7 percent);
- The elimination of special-interest driven loopholes in the state Sales and Use Tax.

Key Points

- No tax should have the power to leave you homeless.
- When a tax system throws honest, hard-working people out of their homes and into the streets, it cannot be reformed. It must be replaced.
- We know the Property Tax Independence Act will work because it incorporates the analysis completed by the Independent Fiscal Office. If someone tells you it can't be done, they're not living in fiscal reality.
- If this bill is going to become law, it will be due to a grassroots effort. There are legislators like me who wholeheartedly support this initiative. Unfortunately, there are others who will only back this plan if their constituents hold them accountable.