

STATEMENT OF PURPOSE

RS27444 / H0359

Arguably, property taxes are a leftover vestige of a feudal system of governing from the Middle Ages wherein lords of manors were required to pay tribute to a king or queen or they risked losing their lands. It is not unreasonable to suggest that we still live under that same system in that if you refuse to pay property taxes, you risk losing your property. The Fifth Amendment of the United States Constitution protects the right of its citizens to own property. In order to truly own property, one must be free from having to make payments to the government just to keep your own in the form of property taxes. This legislation will eliminate all property taxes in the state and simultaneously replace the lost revenue from said property taxes with increased collections of sales taxes. The sales tax rate will be increased from 6% to 11%. In order to ensure that property taxes are not raised in the future, a Joint Resolution would need to follow that would amend the constitution to prohibit property taxes from being collected.

FISCAL NOTE

Raising the sales tax rate from 6% to 11% would generate an estimated \$1.8 billion in the first year. This amount will grow over time. Over the past five years, net sales tax collections have grown at an average annual rate of 5.5%. Revenues generated from the increase will replace property taxes for all local units of government. Additionally, this bill adjusts the Sales Tax Distribution formula in Section 63-3638, Idaho Code, to ensure local units of government receive all new revenues generated by increasing the sales tax rate

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).