

HJR 50 -- FAIR TAXATION

SPONSOR: Chappell

Upon voter approval, this constitutional amendment replaces the state individual and corporate income tax and state sales and use tax with a flat sales tax of 5.11% on retail sales of new tangible personal property and taxable services beginning January 1, 2028.

The General Assembly can make one adjustment to the rate after the imposition of the flat sales tax rate to ensure that the tax is revenue-neutral and that the amount of revenue received is substantially equal to the amount of revenue lost.

Local political subdivisions must recalculate local tax rates so that they produce the same or substantially similar revenue as collected in the immediate previous fiscal year.

Exemptions from taxes described in this program can be adopted by a two-thirds vote of the elected members of both chambers of the General Assembly and the approval by the governor.

The rates of taxation under this program will undergo a one-time recalculation that will take into account any adjustments in the tax base. This recalculation must lead to tax rates that will produce revenue substantially equal to the amount of revenue received under the prior tax rates. These new tax rates must be recalculated in the same manner if the rate of tax levied is to be readjusted.

The taxes that are to be replaced by this program are as follows:

- (1) Withholding taxes, and individual and corporate income taxes;
- (2) Corporate franchise and bank franchise taxes; and
- (3) All existing state sales and use taxes.

The Department of Revenue will determine a method for providing an annual sales tax rebate for each qualified family. Such rebate will be equal to the product of the rate of sales tax established under this program and the appropriate annual poverty guidelines. The term "qualified family" will mean one or more family members, including a spouse, child, stepchild, grandchild, parent, grandparent, brother, sister, or any such relations.