



Tax Alert

A bi-weekly Report by Damon B. Ansell and Kate Meerstein

Volume 6 Issue 42

November 30, 2000

Arkansas Legislature Considers Special Session

The Arkansas General Assembly may convene for a special session to re-enact the half-cent sales tax increase first authorized by ACT 1492 in 1999. The tax hike passed both the House and Senate in the Arkansas Legislature, as well as garnering 60% of voter support, although the Amendment language on the Nov. 7th ballot is the subject of current legal challenge. The Amendment specified property tax relief but failed to mention the resulting sales tax increase; the State Supreme Court ruled the language permissible but legal questions still linger in the lower courts.

Gov. George Ryan (R-IL) May Reinstate Gas Tax

The possibility of a budget crunch has caused Gov. Ryan to address alternative sources of revenue in Illinois. Liberals claim that re-enacting the gas tax will save Medicaid, despite the vast benefits of the gas tax moratorium that since June has saved all Illinois taxpayers nearly \$150 million. Gov. Ryan has the opportunity to demonstrate that restructuring the budget to meet the actual needs of taxpayers need not cost taxpayers a beneficial tax cut.

Gov. Sundquist (R-TN) Losing Tax Increase Debate

According to several members of the Tennessee Legislature, including Senate Majority Leader Ward Crutchfield (D), the income tax debate has fizzled since the election and won't attract hardly any attention next session. Seventy incumbents and challengers signed a pledge sponsored by Americans for Tax Reform opposing the income tax, enough resistance to ensure that Gov.

Sundquist cannot reintroduce the issue without further damaging his popularity among voters.

Wyoming State Tax Collections Exceed Projections

A projected state surplus of \$409 million will likely affect the agenda of the 2001 Wyoming Legislature. Significant increases in state investment income, severance tax collections, and the penalties and interest accrued on late taxes have contributed to current surplus estimates, in addition to retail sales and mining taxes already far ahead

of projections. State Rep. Patricia Nagel (R-Casper), chairwoman-designate of the House Revenue Committee, addressed the glaring discrepancy between last year's \$120 million budget deficit and this year's projected \$409 million surplus: "We should look for ways to stop the peaks and valleys." May we be so bold as to suggest: re-evaluate state collection/spending priorities and return the surplus to the taxpayers from whom it was collected.

Virginia Legislators Stall on Car Tax Repeal Pledge

Gov. Jim Gilmore promised in his 1997 election bid to fully phase out the car tax by 2002. At the present time, Virginia reimburses localities 47.5% of the tax on the first \$20,000 of the assessed value of personal vehicles. Next year, the state is scheduled to reimburse 70% of the tax, an annual savings of \$1 billion for Virginia taxpayers. Stalling by liberals in the Legislature occurs on two fronts: first, they claim that revenue collections this fiscal year fall below projections; second, liberals contend that by dipping into the rainy day fund set up for recession emergencies they will be able to reconcile spending and revenue discrepancies.

Utah Legislators Will Not Raise Taxes for Olympics

Nearly 80% of Utah Legislators appear resistant to the possibility of tax increases if the cost of hosting the 2002 Olympics exceeds current budget limitations, according to an informal survey by *The Salt Lake Tribune*.

Gov. Gilmore is awarded **Hero of the Taxpayer** for the month of November for his dedication to the promise he made to Virginia taxpayers during his campaign that he would phase out the car tax by 2002.

Gov. Sunquist is named **Enemy of the Taxpayer** for the month of November for his failure to uphold basic principles of equity and liberty by advocating for an income tax in the state of Tennessee.