



AMERICANS FOR TAX REFORM

# TAX ALERT

A bi-weekly report by Damon B. Ansell and Emily Sedgwick

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## **Arizona Court Prevents Income Tax Relief**

The Taxpayer Protection Act (Proposition 107) on the November state ballot failed to meet single-issue requirements for ballot measures, according to the Arizona Supreme Court. Proposition 107 would have ended all Arizona state and local income taxes over a four year phase-out period and ensured that any new taxes had to be approved by a majority of voters.

## **Colorado Voters Amend State Constitution**

Amendment 23 of the Colorado State Constitution, which was passed into law in November by popular vote, provides for yearly increases in K-12 education spending. Gov. Bill Owens (R) has voiced dedication to streamlining these mandatory increases as much as possible.

## **Georgia Gov. Plans \$36 Billion Transportation Project**

Gov. Roy E. Barnes (D) reacted to EPA threats by sweetening his transportation and air quality project to the tune of \$36 billion. The Georgia Transportation Authority admits that Gov. Barnes's plan won't achieve the desired ends, but nonetheless continues to develop a plan to spend the \$36 billion.

## **NSEA Will Petition for Corporate Tax Increase**

The Nevada State Education Association (NSEA) has announced plans to circulate petitions in support of a 5% corporate income tax increase on the next ballot. Polls show that Nevadans, by an 80% margin, favor a hike in the state's gaming tax. The Nevada Resort Association may attempt to diffuse pressure to increase corporate income taxes on the gaming industry by teaming up with the NSEA to promote an across-the-board, split-the-difference 5% increase. A similar union of interests occurred in 1991 over AB 303, the \$25-per-employee quarterly business tax totaling \$324 million.

## **Ohio Taxpayers Enjoy Income Tax Reduction**

After years of surpluses, Ohio taxpayers are finally taking home more of their income. Reductions are not phrased in permanent language, however, and depend upon the Income Tax Reduction Fund (ITRF) comprised of revenue collected beyond surplus projections. Ambiguity

results from the vague terms that govern the ITRF; the statute does not specify that all moneys beyond projections spill over into the Fund, only part.

## **Pennsylvanians Begin to Benefit From Death Tax Cut**

As of the fiscal year beginning July 1, 2000, Pennsylvania taxpayers have Melissa Hart (U.S. Rep.-elect to the 4th District) to thank for orchestrating a \$78 million death tax cut from the state budget.

## **Gas Tax Increase Possible in South Carolina**

South Carolina Department of Transportation Chairman Morgan Martin wants a 7-cent gas tax increase to pay for road construction. Gov. Jim Hodges (D), who has not voiced opposition to the tax increase, appointed Martin. Speaker of the South Carolina House David H. Wilkins (R) has said he intends to keep an open mind. Lt. Gov. Robert L. Peeler (R) has worked to reduce the car tax by half beginning in 2002, although the South Carolina State Department of Revenue may increase license plate fees in the near future.

Not to be overlooked the South Carolina legislature is exploring alternate revenue raising ideas. The most talked about are excise tax options. Legislators beware: 62 members have signed the ATR pledge opposing any and all tax increases and we will be watching.

**Gov.-elect Judy Martz of Montana is awarded Friend of the Taxpayer** for the month of December for her dedication to principle in defense of taxpayers. Martz has promised not to rely on new tax increases, such as tripling the state cigarette tax, to balance the state budget.

**Gov. Roy E. Barnes of Georgia is named Enemy of Taxpayers** for the month of December for planning to spend \$36 billion on a transportation and air quality project that the Georgia Transportation Authority has admitted won't work.

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