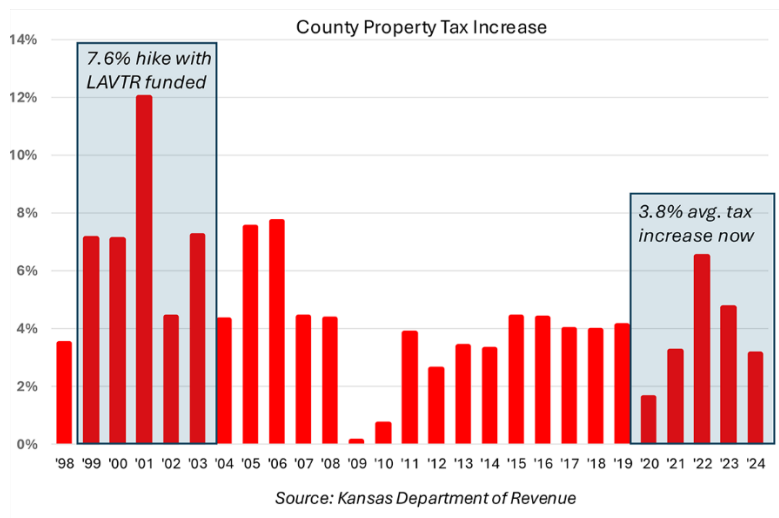


Chairperson Tyson and Members of the Committee,

We appreciate this opportunity to testify in opposition to SB 108, which would allow counties to impose an income tax for theoretical property tax relief.

Good intentions notwithstanding, history tells us that an income tax will not result in property tax relief. County property tax increased by an average of 7.6% during the last five years the Legislature provided Local Ad Valorem Tax Reduction to local government for property tax relief. That is double the rate of the most recent five-year average of 3.8%.



The amount of property tax collected by a county is determined by the amount that county commissioners choose to spend. They agree on a budget and set the mill rate needed to collect the amount of property tax in the budget. Absent a hard cap on property tax collections, like maybe no more than a 1% annual increase or no increase, an income tax allows more spending and a higher tax burden.

Further, research from the Tax Foundation shows that an income tax is more damaging to the economy than any other type of tax.¹ Corporate income tax is the most harmful, followed by personal income tax.

We encourage the Committee to reject SB 108, and we thank you for your consideration.

¹ "Not all taxes are created equal," Tax Foundation, <https://taxfoundation.org/taxedu/primers/primer-not-all-taxes-are-created-equal/#:~:text=When%20businesses%20and%20workers%20are,growth%20compared%20to%20other%20taxes.>