



Vote YES on HB203 (Wyatt) Changing Local Option Sales Tax Distribution Formula

HB203 would allow voters in counties of the third class or smaller to change the revenue distribution formula generated by the 1.0% local option sales tax.

How would HB203 work?

HB203 would allow qualified counties to increase the population component in the revenue distribution formula of 1.0% local option sales tax if the following occurs:

- Two-thirds of local governments, consisting of all of the cities in the county and the county government itself, agree to submit a proposal to voters to increase the population component in the sales tax distribution formula. (Counties with seven or fewer cities would require 100% approval)
- A majority of voters in the county approve the proposal in a general election.

Why is HB203 needed?

The current sales tax revenue distribution formula, which is based on a 50% population and 50% point-of-sale formula, encourages cities to offer incentives to retailers to locate in their cities. This is an inappropriate diversion of the tax base since retail occurs on its own without subsidy. By reducing the point-of-sale component and increasing the population component, cities are less likely to offer incentives to retailers.

Real economic growth depends on attracting high wage jobs in industries that export goods and services and improve productivity and efficiency. Retail does not create economic growth but rather follows economic growth.

HB203 is a tool that local governments in qualified counties can use to reduce the incentive that cities have to offer tax breaks to retailers.

Please vote YES on HB203