

**LEGISLATIVE REVIEW**  
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**BUDGET BILL CREATING A STIR**

HB 64 is the multi-billion dollar state budget bill. Every two years the state must pass one so to keep state government running. Usually the proposal addresses spending issues. So does this one, however, the governor is proposing a number of tax moves to stimulate small business. While the tax shifts have been known for some time the actual language related to them was just released late this week. A few of the tax change proposals are:

- Increase the state commercial activity tax from 0.26% to 0.32%
- Increase the sales tax rate from 5.75% to 6.25%
- Business with less than 2 million in gross receipts will be exempt from state business income taxes.
- Personal income taxes will be reduced 23%.
- Sales tax will be extended to a number of services not currently taxed such as; lobbying, public relations, management consulting, and polling to name a few.

While no one has claimed the changes as tax increases it has been termed by many as tax shifting. At this point we think folks are just trying to be polite as they analyze the true impact of the changes. The bill and related issues are undergoing intensive hearings in the House Finance committee and related sub committees. While the Senate will not get the bill until March or April they have begun hearings on the tax shift portions. Senate president Keith Faber has said he does favor the small business tax cut. Mush remains to be heard and seen here.