

# State and Local Fiscal Modernization Study Commission

## Subcommittees

### Income Tax Modernization Subcommittee

- Individual Income Tax
- Corporate Income Tax
- Flow-through entities
- Estate and gift taxes

### Charge

1. Determine whether the overall mix of revenue sources at the state level is appropriate.
2. Review the following taxes to determine whether any changes are needed to align the taxes in accordance with the general tax principles set out below:
  - Individual income tax
  - Corporate income tax
  - Estate and gift taxes.
3. Identify ways to broaden the tax base, lower tax rates, and eliminate deductions, exemptions, and credits, consistent with the tax principles.

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## **Sales and Excise Tax Modernization Subcommittee**

- Sales and Use Taxes
- State Excise Taxes
- State Privilege License Taxes

### **Charge**

1. Determine whether the overall mix of revenue sources at the state level is appropriate.
2. Review the following taxes to determine whether any changes are needed to align the taxes in accordance with the general tax principles set out below:
  - sales and use tax
  - state excise taxes (including but not limited to tobacco product taxes, alcoholic beverage taxes, the motor fuels tax, and highway use tax)
  - state privilege license taxes.
3. Identify ways to broaden the tax base, lower tax rates, and eliminate special exemptions and rates consistent with the tax principles.

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## **Local Tax Modernization Subcommittee**

- Property taxes
- Local option sales taxes
- Impact fees
- Occupancy fees
- Real estate transfer taxes

## **Charge**

1. Determine whether the portfolio of taxes and fees and mix of revenue sources at the local level is appropriate.
2. Examine and evaluate local governments' ability to pay for services required by their citizens.
3. Review the following taxes and fees to determine whether any changes are needed to align the revenue sources in accordance with the general tax principles set out below:
  - sales taxes
  - property taxes
  - real estate transfer taxes
  - impact fees
  - vehicle use fees.
4. Identify ways to broaden the tax base, lower tax rates, and eliminate special exemptions and rates consistent with the tax principles.

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## **Infrastructure Responsibilities and Funding Subcommittee**

- Water and sewer
- Transportation
- Schools
- Courts

### **Charge**

1. Determine whether the division of responsibility between state and local government for providing infrastructure needs including but not limited to water and sewer, roads and other transportation needs, schools and courts is appropriate.
2. Review the following infrastructure spending areas and determine whether any changes are needed to align responsibilities in accordance with the general principles set out below:
  - water and sewer services
  - road construction and maintenance
  - other transportation costs
  - construction of school buildings
  - construction of court buildings, jails and other correction facilities
  - storm water management

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## **Program Responsibilities and Funding Subcommittee**

- Health care services and Medicaid
- Social services
- Law enforcement
- Education
- Elections

### **Charge**

1. Determine whether the division of responsibility between state and local government for providing services including but not limited to health care services and Medicaid, social services, law enforcement services, education services and elections is appropriate.
2. Review the following program responsibilities and determine whether any changes are needed to align responsibilities in accordance with the general principles set out below:
  - health care services and Medicaid
  - instruction and current expenses related to K-12 education
  - judicial and other court personnel and corrections programs
  - confinement of persons convicted of crimes
  - social service programs
  - providing for elections

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