

Submitter: Katie Lukins
On Behalf Of:
Committee: House Committee On Revenue
Measure, Appointment or Topic: SB1507

I am writing today to express my strong support for this Act. As our state navigates a complex economic landscape, this legislation offers a balanced approach to fiscal responsibility. I wish to highlight how the bill's decision to disconnect from certain federal tax provisions and its structural shift toward a dedicated sales tax model serve as a critical safeguard for our state's education funding.

One of the most vital components of this bill is the decision to disconnect from specific federal Internal Revenue Code provisions, such as bonus depreciation and deductions for personal auto loan interest. While these federal incentives serve various national purposes, adopting them automatically at the state level often results in an invisible drain on our state budget. By requiring an addback of these amounts, this bill prevents the erosion of our tax base. Every dollar preserved through these strategic disconnections is a dollar that remains available for our K-12 schools and higher education institutions. In a time of fluctuating revenues, we cannot afford to outsource our fiscal health to federal policy changes that do not account for our local educational needs.

Furthermore, the proposed shift toward a statewide retail sales tax, which is contingent upon the reduction of other tax burdens, represents a move toward a more stable and predictable revenue stream. Over-reliance on highly volatile income taxes can lead to boom and bust cycles in school funding. By dedicating sales tax revenue to specified purposes including education, we create a more resilient foundation. The requirement for the Department of Revenue to match lost tax reduction revenue with directed funds ensures that our transition to a new tax model does not come at the expense of our students.

The creation of the new job development tax credit, operative through 2032, also works in tandem with our educational goals. By incentivizing the creation of new jobs, we are ensuring that the students we are currently funding have a robust local economy to enter upon graduation. This creates a virtuous cycle where quality education leads to a skilled workforce, which in turn fuels the tax base necessary to fund the next generation.

This Act is not merely about tax cuts; it is about tax modernization. It smartly decouples from federal policies that do not serve our specific interests while building a dedicated bridge of support for our public services. By passing this bill, you are choosing to prioritize a stable, well-funded educational system that is insulated from

federal volatility. I urge you to move this legislation forward to protect the future of our state's children and our economy.