

Subject Constitutional amendment – tax relief fund

Authors Johnson, W. and others

Analyst Chris Kleman

Date March 10, 2025

Summary

H.F. 4 proposes placing a constitutional amendment on the ballot at the 2026 general election. If passed, a tax relief fund would be established to set aside surplus revenue for tax refunds or onetime tax reductions.

Surplus revenue would be based on a comparison of forecast revenues to forecast expenditures, from the November forecast. Projected revenues that exceed 105 percent of projected expenditures would then be transferred to the new fund.

The constitutional amendment would preempt state statutes regarding the budget reserve. As a result, amounts transferred to the budget reserve account would be limited to the lesser of (a) the amounts prescribed by statute, or (b) the amount of projected revenues in the November forecast that exceed projected expenditures by 100 percent, but that do not exceed 105 percent of those expenditures.

Funds in the account would have to be returned to income or property taxpayers each biennium. Refunds and tax reductions would be limited to a taxpayer's liability for tax.