

## MISCONCEPTIONS

Only the wealthy pay Capital Gains tax, so why should I care?

Current law is actually a punitive tax on seniors, entrepreneurs, business owners and the middle-class who are also burdened with this tax.

Doesn't the Idaho state government depend on the revenue generated by the Capital Gains tax?

No. In fact, by our estimates, the revenue generated by the Capital Gains tax makes up less than 2% of the total Idaho state budget.

Won't Idaho have to raise taxes in other areas to compensate for the loss of revenue as a result of the proposed reduction?

No. The fact of the matter is that in other states that have reduced (or eliminated) the Capital Gains tax, revenues have actually increased due to the resultant economic growth.

Wouldn't there be less money available for higher teacher pay and other important civic endeavors if we reduce the tax?

No, this is a commonly held misconception. In actuality, the proposed reduction in the Capital Gains tax will spur investment, having a positive impact on Idaho's economy, thus increasing tax revenue.

Overall, aren't taxes in Idaho the 48<sup>th</sup> lowest in the nation?

Don't be fooled. This study is based upon "percapita" vs. the total number of taxpayers in Idaho.

**TOGETHER, WE CAN  
BE HEARD.**

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## Idaho Business Alliance.com

Feeling powerless to affect any change at the federal level and being frustrated with the refusal of the courts to provide redress and justice for our citizens, we must turn to the state. It was the states that created the federal government and it is our state which is our last and best defense against a government run amok.

We must embolden our legislators and elected officials to stand up for us and push back against the federal intrusion. Idaho refused to implement a national driver's license ten years ago. Idaho was the first state to file suit to block Obamacare. Idaho knows how to do this – we must have the courage to proceed.

For additional information, please visit us at [www.idahobusinessalliance.com](http://www.idahobusinessalliance.com)

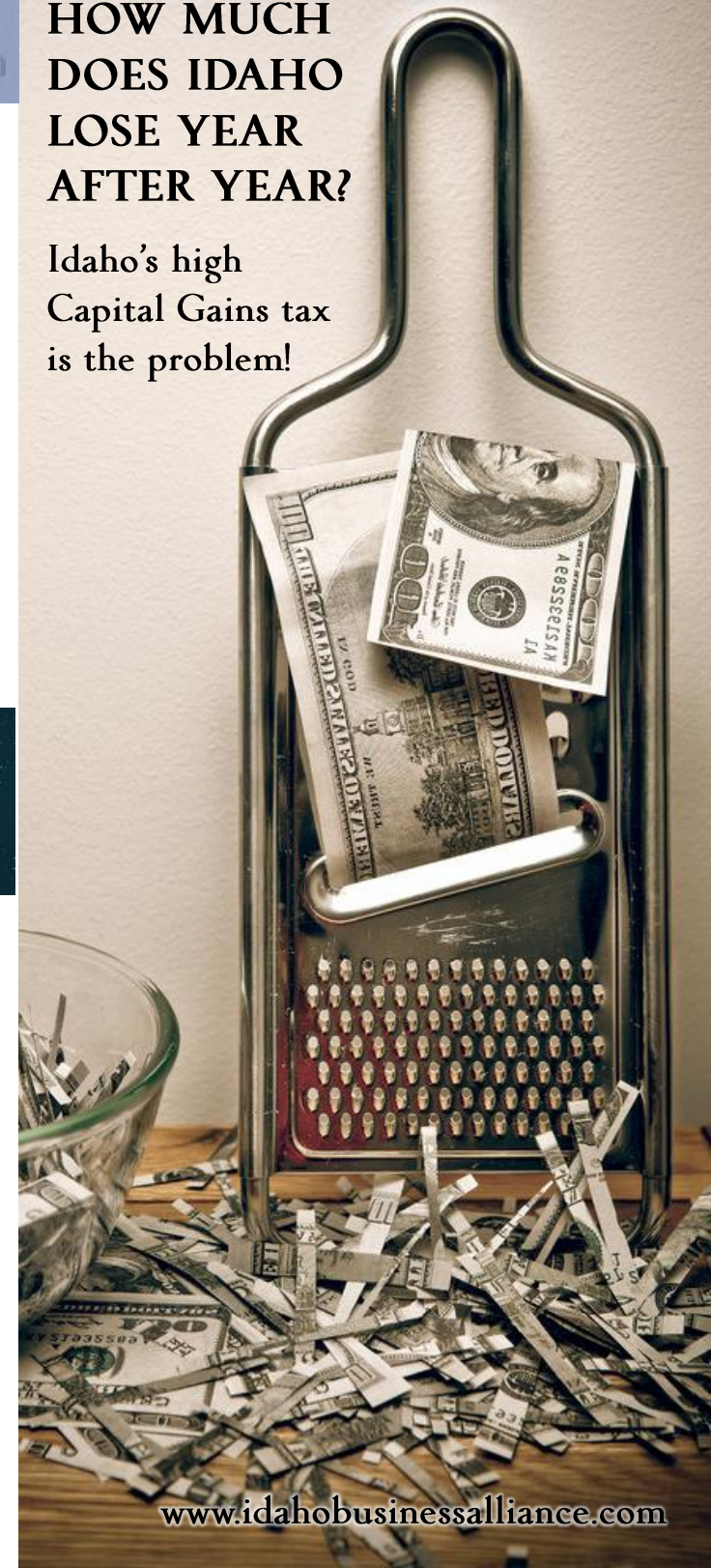
**POLESTAR**  
Entrepreneurial Group

PoleStar Entrepreneurial Group, LLC is an innovative group of advisers that work exclusively with entrepreneurs that are on the move. We help navigate the next step whether it is raising financing for a start-up, expanding an existing business or designing an exit strategy to maximize value upon retirement. We believe in working with those that have something to contribute to the world and who have the desire to improve the lives of those around them including their own. As such, we have a unique way of approaching business and defining success. We believe in building meaningful strategies that not only accomplishes business goals but aid personal growth and achievement.

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## HOW MUCH DOES IDAHO LOSE YEAR AFTER YEAR?

Idaho's high Capital Gains tax is the problem!



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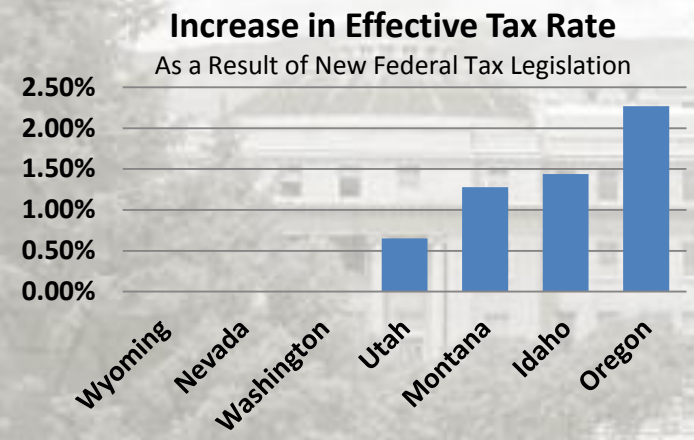
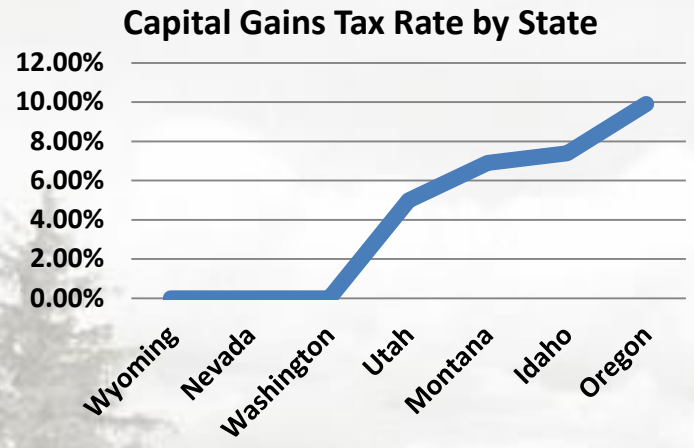


At 7.40%, the Idaho state Capital Gains tax ranks as one of the highest in the Pacific Northwest.

# THE FACTS

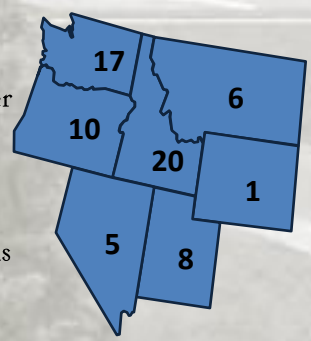


## WHAT SHOULD YOU BE ASKING YOUR STATE LEGISLATOR?



### National Ranking

Idaho ranks 20<sup>th</sup> nationally in terms of a combined tax rate (Federal & State). Unfortunately, we are surrounded by states that offer a more favorable tax structure, which promotes economic growth. A reduction in the Capital Gains tax of 5% will reduce our national ranking by nearly 10 points, thereby leveling the economic playing field.



States across the country are actively reducing taxes on capital. Alaska, Florida, Nevada, New Hampshire, South Dakota, Texas, Washington and Wyoming have no state Capital Gains tax. Arkansas, New York, Mississippi and Tennessee are currently in the process of decreasing their tax on Capital Gains.

The Idaho Capital Gains tax currently ranks 16<sup>th</sup> highest in the industrial world.

Per the Organization for Economic Cooperation and Development (OECD), taxes on Capital Gains and Income are the most damaging to economic growth.

Per a recent Gallup poll, more than 50% of middle-class Americans invest in the stock market. States where the Capital Gains tax is reduced or eliminated have experienced a positive outcome for this portion of the state's population.

States with high Capital Gains taxes tend to penalize their senior residents.

Historically, states with the highest immigration rates in the country that raise tax rates, see growth reversed and the state economy stagnate.

A decrease or elimination of tax on capital results in a stimulated economy, additional jobs and higher wages.

The duplication of taxes on capital generally dissuades middle-class Idahoans from saving money.

Twenty-three out of twenty-six independent studies conducted since 1983 conclude that taxes on income and capital have a negative impact on growth. The remaining three studies conclude that the impact is negligible.

1. How can state government provide immediate tax relief to more than 50% of Idaho citizens?
2. Should Idaho be competitive with surrounding states like Nevada, Wyoming, Washington and Utah in attracting new businesses and investment?
3. Should Idaho keep a Capital Gains tax that creates a bias against savings, slows economic growth and creates a competitive disadvantage?
4. States with high Capital Gains tax rates are seeing corporations relocate to states with more progressive structures in place. Do we want to see economic development occur here in Idaho?
5. Do we want business owners to move out of state prior to selling their companies, or should the tax revenue remain here in Idaho?
6. More than 50% of the middle-class population in Idaho invests in the stock market. Do we want them to move out of state prior to selling off all or part of their investment portfolio?
7. Should seniors, business owners and Idaho's middle-class be provided with the same Capital Gains tax benefits as farmers and ranchers? Isn't it time to level the playing field?

Farmers and ranchers in Idaho can spend their lives building up an agricultural business, and sell the land at a preferred tax rate. Another entrepreneur can spend his entire life building a business, but when it's time to sell, he is forced to pay over twice as much the as the rancher or farmer – unless he moves to a neighboring state prior to the sale. This is not only unjust, it is quite simply, wrong.

For additional information and sourcing, please visit us at [www.idahobusinessalliance.com](http://www.idahobusinessalliance.com)