

April 23, 2013

**Summary of Governor, House, and Senate Tax Proposals**

(Dollars shown are FY 14/15 for omnibus tax bills)

	<b>Governor</b>	<b>Senate</b>	<b>House</b>
<b>New Tax Increase</b>	\$1.83 Billion	\$1.863 billion	\$2.652 billion* * \$1.2 billion is temporary \$1.4 billion permanent
<b>Income Tax Increase</b>	<b>\$1.1 billion</b>	<b>\$1.2 billion</b>	<b>\$281 million</b>
Permanent Rate	9.85% >\$250,000 MFJ New 4 <sup>th</sup> tier	9.4% >\$140,960 MFJ Raises 3 <sup>rd</sup> tier	8.49% > \$400,000 MFJ New 4 <sup>th</sup> tier
Temporary Surcharge	None	None	\$1.2 billion at 12.49% rate > \$500,000 MFJ new 5 <sup>th</sup> tier
<b>Corporate Tax Increase \$316 million</b>		<b>\$63 million</b>	<b>\$316 million</b>
Rate decrease	no	From 9.8% to 9%	no
FOC repeal	yes, \$44 million	yes, same	yes, same
Foreign Royalty repeal	yes, \$189 million	yes, same	Reduces to 50%
Unitary Finnigan	yes, \$46 million	yes, same	yes, same
Foreign Partnership	yes, \$12 million	yes, same	yes, same
Economic Substance	yes \$400,000	no	no
Tax Haven	no	no	yes, \$36.5 million
Index minimum fees	yes, \$19 million	yes, same	yes, same
R&D changes	none	Increases 2 <sup>nd</sup> tier From 2.5% to 4.5% (\$64 million)	Removes refundability \$89 million
<b>Sales Tax Changes</b>	<b>\$9.7 million increase</b>	<b>\$89 million increase</b>	<b>(\$98) million decrease</b>
Affiliate nexus	yes	yes	yes
Multiple points of use	no	yes	yes
Capital equip upfront	no	yes as phase in	yes
Rate reduction	no	yes to 6% (\$1.2 bil)	no
Sales tax base expansion	no	yes \$1.3 billion (1)	no
<b>Statewide Business Levy no changes</b>		<b>\$139 million</b>	<b>no changes</b>
<b>Cigarette Tax Increase \$317 million</b>		<b>\$375 million</b>	<b>\$434 million</b>
<b>Alcohol tax increase</b>	<b>none</b>	<b>none</b>	<b>\$349 million</b>

**(1)** List of Sales tax base expansion for Senate proposal. The sales tax base expansion is \$1.3 billion with a rate reduction of 6% from 6.875% for a net sales tax increase of \$89 million. **The items included in the base expansion are:**

- a. Business to business transaction are included such as electronic and commercial equipment repair and maintenance raising including farm machinery raising; warehouse and storage services; telecommunications equipment, custom software.
- Electronic and commercial equipment and repair (includes farm and capital equipment repairs). \$133 million FY 14/15
- Warehouse and storage (excluding farm storage, data and refrigerated equipment) \$165 million FY 14/15
- Telecommunications equipment \$58 million FY 14/15
- Custom Software \$26 million FY 14/15
- b. Consumer goods: Clothing, digital goods; over the counter drugs; personal services (nails, hair, tattoos); wedding planning, dating services, and similar services; auto repair services; household goods and repair; publications (excluding newspapers).