

April 23, 2013

Summary of Governor, House, and Senate Tax Proposals

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

	<u>Governor</u>	<u>Senate</u>	<u>House</u>
New Tax Increase	\$1.83 Billion	\$1.863 billion	\$2.652 billion* *\$1.2 billion is temporary \$1.4 billion permanent
Income Tax Increase	\$1.1 billion	\$1.2 billion	\$281 million
Permanent Rate	9.85% >\$250,000 MFJ New 4 th tier	9.4% >\$140,960 MFJ Raises 3 rd tier	8.49% > \$400,000 MFJ New 4 th tier
Temporary Surcharge	None	None	\$1.2 billion at 12.49% rate > \$500,000 MFJ new 5 th tier
Corporate Tax Increase	\$316 million	\$63 million	\$316 million
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 nd tier From 2.5% to 4.5% (\$64 million)	Removes refundability \$89 million
Sales Tax Changes	\$9.7 million increase	\$89 million increase	(\$98) million decrease
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
Statewide Business Levy	no changes	\$139 million	no changes
Cigarette Tax Increase	\$317 million	\$375 million	\$434 million
Alcohol tax increase	none	none	\$349 million

(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).