

HB 998: Tax Rate Reduction and Reform

05/28/2013 11:00

Summary

	State					Local				
	FY1314	FY1415	FY1516	FY1617	FY1718	FY1314	FY1415	FY1516	FY1617	FY1718
	\$ Millions									
Personal Income										
Fiat Tax, 5.9% (01/01/2014) -										
Increases Standard Deduction to \$12,000 (MFI) - \$6,000 Single, \$9,600 HOH										
Allows Charitable Deductions plus Mortgage Interest Deductions if greater than the Standard Deduction, up to \$25,000 (MFI)										
Increase the Child Credit from \$100 to \$250 per dependent (\$125 credit if AGI > \$100k)										
Eliminate non-itemizers charitable contribution credit										
Eliminate personal exemptions										
Eliminate the tax bracket marriage penalty										
Eliminates Severance Wage deduction										
Subtotal Personal Income Tax Changes	(325.0)	(830.0)	(867.4)	(906.4)	(947.2)					
Phase out \$50k business exemption (50% exempt in 2013, eliminated in 2014))	192.5	395.5	421.4	442.0	452.0					
Total Personal Income Tax Changes	(132.5)	(434.5)	(445.9)	(464.4)	(495.2)					
Franchise Tax										
Reduce Franchise Tax Rate to \$1.35/ \$1000 (01/01/2015)	(52.5)	(54.6)	(56.8)	(59.1)	(59.1)					
Repeal electricity franchise tax, puts sales into sales tax base (07/01/2014)	(157.0) ✓	(159.0)	(160.6)	(162.2)	(162.2)					
Repeals the tax, taxes gross receipts at the state and local sales tax rate	(31.5)	(32.0)	(32.5)	(32.9)	(32.9)					
Piped Natural Gas										
Expand Sales Tax Base, and Lowers the Local Rate to 1.9% on 07/01/2014 (combined rate 6.65%)										
Electricity (eliminate preferential rate) (07/01/2014)	197.3	202.3	208.4	214.6	(102.5)	(105.6)	(108.9)	(112.3)		
Include Piped Natural Gas in Sales Tax Base (07/01/2014)	74.9	74.9	74.9	74.9	213.2	219.6	226.2	232.9		
Warranties and Service Contracts (07/01/2014)	29.2	31.2	33.2	35.2	30.9	30.9	30.9	30.9		
Installation, repair and maintenance of tangible personal property including automobiles for personal use (07/01/2014)	173.3	185.3	198.4	210.5	11.7	12.5	13.3	14.1		
Repeal Chiropractor's Nutritional Supplements Exemption (07/01/2013)	0.3	0.3	0.3	0.3	69.3	74.1	79.4	84.2		
Repeal Energy Star sales tax holiday (07/01/2013)	1.6	1.6	1.7	1.8	0.1	0.1	0.1	0.1		
Add amusements and movies, plus attractions charging admission fees, but keeps all 12 exemptions (10/01/2013)	9.3	16.5	17.2	17.9	0.6	0.7	0.7	0.7		
Total Sales Tax (combined State and Local Rate 6.65%)	11.2	493.2	512.9	534.9	556.0	6.5	230.0	239.2	248.9	258.1

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Summary	State				Local					
	FY1314	FY1415	FY1516	FY1617	FY1718	FY1314	FY1415	FY1516	FY1617	FY1718
Personal Income										
Corporate Income Tax										
Reduce Corporate Income Tax rate from 6.9% to 6.5% in 2014, 6.35% in 2015, 6.2% in 2016, 5.6% in 2017, 5.4% in 2018	(31.0)	(83.0)	(115.0)	(192.0)	(282.0)					
End the transfer to Public School Capital Fund	87.3	85.9	85.2	80.1	79.5					
Total CIT Tax Changes	56.3	2.9	(29.8)	(111.9)	(202.5)					
Consensus Revenue (growth in the out years using average inflation and population growth)	20,465.6	21,387.8	22,307.5	23,266.7	24,267.2					
Total Personal, Corporate, Sales, and Franchise Tax Reform*	(65.0)	(179.4)	(208.4)	(291.3)	(395.8)					
Repeal Estate Tax	(52.0)	(57.0)	(60.0)	(63.0)	(66.0)					
Total Tax Reform	(117.0)	(236.4)	(268.4)	(354.3)	(461.8)	6.5	22.9	29.8	37.3	44.3
Revised Revenue from Tax Reform	20,348.6	21,151.4	22,039.1	22,912.4	23,805.3					

