

Alternative 3A Revenue Impact (w/ constant \$15k MFJ cap in itemized deductions, excludes Social Security)		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Personal Income Tax						
PIT Changes (Effective Jan. 1, 2014, except elimination of business exemption)						
		<i>Impact in millions</i>				
Eliminate standard & itemized deductions		\$1,078	\$2,727	\$2,809	\$2,893	\$2,980
Allow itemized deductions up to \$15k MFJ, \$12k HoH, & \$7.5k Single		-\$83	-\$210	-\$216	-\$223	-\$230
Eliminate personal exemption		\$532	\$1,344	\$1,378	\$1,412	\$1,447
Create zero bracket (\$12k MFJ, \$9.6 HoH, & \$6 Single/MFS)		-\$946	-\$2,388	-\$2,447	-\$2,509	-\$2,571
Replace graduated rate structure with flat rate (5.9% in 2014, 5.75% in 2015, and 5.6% after)		-\$1,006	-\$2,525	-\$2,738	-\$3,100	-\$3,270
Eliminate severance wage deduction & non-itemizer charitable credit		\$23	\$58	\$59	\$61	\$63
Eliminate business income exemption (Effective beginning in tax-year 2013)		\$682	\$499	\$503	\$512	\$530
Net PIT Changes*		\$280.2	-\$495.4	-\$652.8	-\$953.0	-\$1,050.8
* Preliminary estimates based on OSBM analysis						
Corporate Income Tax and Estate Tax						
Phase down Corporate Income tax rate to 5% (6% in 2014, 5.5% in 2015, 5% in 2016 and after)						
End to PSBCF Transfer			-\$242.4	-\$295.1	-\$373.5	-\$386.6
Estate Tax Repeal		\$85.9	\$79.0	\$74.9	\$70.5	\$73.0
TOTAL Corporate Income Tax and Estate Tax		-\$52.0	-\$57.0	-\$60.0	-\$62.0	-\$65.0
Sales, Privilege, and Other Franchise Tax Changes						
Convert electricity franchise tax to sales tax			\$260.1	\$268.7	\$279.9	\$281.6
Convert piped natural gas excise tax to sales tax			\$70.8	\$71.9	\$72.9	\$74.1
Distribute some electricity and natural gas sales tax to municipalities			-\$207.1	-\$209.4	-\$211.6	-\$213.8
Expand sales tax to include repairs, maintenance, and installation of tangible personal property			\$173.3	\$185.3	\$198.4	\$210.5
Expand sales tax to include service contracts			\$29.2	\$31.2	\$33.2	\$35.2
Eliminate sales tax refund to local governments			\$67.8	\$140.9	\$146.5	\$152.4
Cap nonprofit sales tax refunds (\$5m in 2014, \$1m in 2015, \$100k after)			\$59.0	\$139.5	\$235.5	\$295.5
Repeal transfers of real estate conveyance and scrap tire disposal taxes		\$2.7	\$42.9	\$44.6	\$44.7	\$44.7
Repeal various exemptions and preferential rates		\$28.6	\$148.9	\$233.2	\$303.1	\$324.2
TOTAL Sales, Privilege, and Other Franchise Tax Changes		\$31.3	\$644.9	\$905.9	\$1,102.6	\$1,214.4
Sales, Privilege, and Other Franchise Tax Changes						
**Net State Impact House Version of HB 998 (FRD estimates - June 7)		\$47.3	-\$296.4	-\$323.2	-\$399.1	-\$503.9
**Net State Impact Senate Version of HB 998 (FRD estimates - June 13)		-\$173.8	-\$523.2	-\$1,108.1	-\$1,414.8	-\$1,362.1
Net State Impact Alternative 3A		\$345.4	-\$70.9	-\$27.0	-\$215.4	-\$215.0
Consensus Revenue Growth						
Pre-reform year-over-year growth (%)		\$20,465.6	\$21,387.8	\$22,307.5	\$23,266.7	\$24,257.2
<i>Total Tax Reform Impact</i>			4.5%	4.3%	4.3%	4.3%
Revised Revenue from Tax Reform		\$345.4	-\$70.9	-\$27.0	-\$215.4	-\$215.0
Post-reform year-over-year growth (%)		\$20,811.0	\$21,316.9	\$22,280.5	\$23,051.3	\$24,052.2
			2.4%	4.5%	3.5%	4.3%

** Impact estimates for House and Senate versions of HB 998 include changes to the corporate franchise tax and business annual report fees.