

Incremental Alternatives Improvement and Erosion of the Tax Principles

	CY 2005 Revenue Impact	Regress-ivity	Other Equity Issues	Erosion of Tax Base	Volatility	Neutrality	Trans-parency	Exporta-bility	Economic Vitality	Simplicity	Home Ownership	Tax Harmony
Regressivity	(Millions)											
Property tax homestead credit (\$20,000) against State Levy	\$93 mill. shift	☺☺	☹☹							☹	☺☺	
Property tax exemption or deferral targeted by income	TBD	☺☺	☹☹							☹	☺☺	
Estate tax--Don't repeal (Compared to conforming with Feds)	\$89	☺		☺	☹					☹		☹
*Replace sales tax exemption for food with a swipe card with a fixed amount to pay sales tax	TBD	☺☺		☺☺	☺☺	☺	☺			☹☹☹		☹☹
*Give sales tax relief to EITC families via a swipe card	TBD	☺☺					☺			☹☹		

☺☺☺ Major improvement over current system

☺☺ Significant improvement over current system

☺ Minor improvement over current system

☹☹☹ Major erosion of principle compared to current system

☹☹ Significant erosion of principle compared to current system

☹ Minor erosion of principle compared to current system

☺☹ Mixed impact

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Erosion of Tax Base	(Millions)											
Replace taxes on private goods with user fees paid directly by those imposing burdens	Neutral		☺☺	☺						☹☹		
Avoid dedicated taxes except user fees	Neutral									☺☺		
Review and target business incentive, exemptions	Neutral			☺☺					☺			
Impose tax on the market value of motor vehicles	\$400	☹		☺☺	☺		☺	☺		☹☹		☹
*Broaden property tax to motor homes, boats	TBD	?	☺	☺☺	☺		☺	☺		☹☹		☹
Extend sales tax to consumer services	\$229.6	☹	☺	☺☺		☺						☹
Streamline sales tax (assuming it would lead to collection of sales tax on remote sales)	TBD		☺☺	☺☺		☺☺			☺☺	☺☺		☺☺
Reform B&O apportionment	TBD			☺☺		☺☺			☺☺	☺☺		☺☺
*Eliminate sales tax exemption for gasoline	\$182.5	☹☹		☺☺								☹

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Volatility	(Millions)											
Rainy Day fund	Neutral			😊😊	😊😊							

Neutrality	(Millions)											
*B&O Credit for manufacturers for B&O taxes paid "upstream"	TBD		😊😊	😞😞		😊😊			😊😊	😞😞		
*Decrease manufacturing B&O rate and increase services rate	Neutral		😊😊			😊😊			😊😊			

Transparency												
*Decrease B&O rates and increase sales tax rates	Neutral	😞😞			😞	😊	😊😊	😞😞	😊😊			😞😞

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Economic Vitality	(Millions)											
Exempt construction from sales tax	(\$400)	☺		☹☹	☺				☺☺	☺☺	☺☺	☺☺
Exempt start-ups from B&O (first 2 years)	(\$156.5)		☺☺	☹☹		☹			☺☺	☹☹		
Increase small business credit from \$35 to \$70	(\$27.9)			☹					☺	☺☺		
*B&O deferral for expanding firms.	TBD		☺☺						☺☺	☹☹		

Simplicity												
Simplify local B&O.	TBD		☺☺						☺	☺☺		
Compensate retailers for collecting sales tax	(\$113.9)								☺	☺☺		
Give state property tax levy to local govt.	(\$1,573.1)			☺☹	☺☹							
Eliminate PUT and roll into B&O	Neutral			☺		☹				☺☺		
Simplify the B&O Structure	Neutral									☺☺		

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