

21st Century Tax Rate Reduction and Modernization Plan (in Millions)

	STATE			LOCAL			
	Effective						
	Date	FY 09-10	FY 10-11	FY 11-12	FY 09-10	FY 10-11	FY 11-12
Reduce All Personal Income Tax Rates and Simplify	01/01/2010						
Start Calculation with AGI as in 27 states		1,884.4	4,718.2	4,784.3			
Reduce current rates of 6.0%, 7.0%, 7.75% to 5.25%, 6.5%, and 7.5%		(418.9)	(1,054.8)	(1,077.0)			
Create new zero bracket (0% up to \$10,000, Married Filing Jointly) and eliminate the "marriage penalty"		(695.9)	(1,746.8)	(1,764.2)			
AGI Excludes Only:							
Exempt \$4800 of Unemployment Benefits, 2009 and 2010 tax years		(84.6)	(71.9)				
Earned Income Tax Credit		(35.0)	(71.1)	(72.5)			
6% Mortgage Credit, 10,000 cap		(181.7)	(454.8)	(456.8)			
6% Charitable Credit, 20% AGI cap		(214.9)	(542.6)	(559.1)			
Per Child Credit, \$125		(102.6)	(255.9)	(253.9)			
6% Medical Credit, Federal eligibility		(69.9)	(176.7)	(182.4)			
Existing Refundable Credits: Low-Income Housing, Film Production		(18.1)	(38.6)	(40.6)			
Other Credits: R&D, Dependent Care Expenses		(13.6)	(40.4)	(34.3)			
Subtotal: Personal Income Tax Changes		49.1	264.7	343.5			
Reduce State Sales Tax Rate from 4.75% to 4%							
Digital products & click throughs	01/01/2010	8.3	15.0	15.8	3.6	7.5	7.9
Warranties, installations, & repairs to tangible personal property	10/01/2009	178.1	222.1	233.8	77.6	111.0	116.9
Convert amusement/movies privilege tax to sales tax	10/01/2009	22.7	26.6	28.0	9.9	14.2	14.9
Recreation and entertainment	01/01/2010	57.8	105.3	110.9	25.2	56.2	59.2
Home and real property, some personal services	05/01/2010	42.3	175.1	184.4	18.4	93.4	98.3
Storage and moving	01/01/2010	19.4	35.3	37.1	8.4	18.8	19.8
Building repairs & alterations, not including new construction	05/01/2010	10.7	74.6	75.5	3.4	23.7	26.3
Web-based and other information services	01/01/2010	6.2	11.3	11.9	2.7	6.0	6.3
Sub-state government sales tax refund	01/01/2010	-	67.8	71.4	-	(67.8)	(71.4)
Limit nonprofit refund for all institutions at \$5M	07/01/2009	13.7	60.3	63.5	6.3	32.1	33.9
		359.2	793.3	832.4	155.6	295.0	312.2
Reduce State Rate on Existing Base to 4%	05/01/2010	(129.7)	(777.9)	(799.7)			
Transfer 0.1% of Existing and Expanded Local Base to the State (Combined 6%)		25.1	118.5	122.2	(25.1)	(118.5)	(122.2)
Subtotal: Sales and Use Tax Changes		254.6	133.9	155.0	130.6	176.5	189.9
Business Tax Changes	01/01/2010						
Franchise and Privilege License Taxes							
Apply franchise tax to all limited liability businesses		59.0	131.1	134.7			

Repeal state and local privilege license taxes	(42.8)	(38.2)	(38.9)	-	(54.7)	(55.7)
Repeal annual report fee and report fee credit	(20.2)	(25.5)	(26.0)			
Corporate Income						
Adopt throwout	5.5	11.9	12.5			
Reduce rate over 2 yrs; 5.8% to 4.5%	(55.4)	(201.2)	(325.5)			
Eliminate Public School Building Capital Fund	60.5	64.5	72.9	(60.5)	(64.5)	(72.9)
Tax Credits and Exemptions						
Repeal Article 3J credits	3.0	9.2	16.5			
Repeal other credits except R&D, refundable credits, and targeted incentives	8.4	20.9	14.5			
Repeal credit for payments to Insurance Guaranty Association		17.0	17.0			
Repeal railroad diesel fuel exemption	8.3	16.1	17.0	3.9	8.6	9.1
Sales Tax						
Exempt depreciable equipment; tax supplies and accessories at general rate; repeal 1%, \$80	57.0	110.8	116.7	26.5	59.1	62.2
Limit farm exemption to small farms (100% of farms with gross receipts <\$ 1M, 50% of farms w/ gross receipts < \$2.5M)	27.5	53.4	56.2	12.8	28.5	30.0
Subtotal: Business Tax Changes	110.7	170.0	67.5	(17.4)	(23.0)	(27.3)
Increase Excise Taxes	08/01/2009					
Increase cigarette excise tax 15-cents per pack	63.6	72.4	71.0			
Increase OTP by 3%	7.5	7.7	8.1			
Increase alcohol excise tax (based on alcohol content)	35.8	43.0	44.4			
Subtotal: Excise Tax Changes	106.9	123.2	123.5			
Adjust Revenue Distributions	07/01/2009					
Certain Local Distributions Substitute	11.2	11.2	10.5			
Retain Beer & Wine Distribution	33.2	34.1	35.1	(33.2)	(34.1)	(35.1)
Subtotal: Distribution Changes	44.4	45.3	45.6	(33.2)	(34.1)	(35.1)
Conform in Part to IRC	07/01/2009					
2008 IRC/ESSA	(30.4)	(22.1)	(8.0)			
2009 IRC/ARRA (85% AB)	8.6	17.8	5.3			
Subtotal: IRC Update Changes	(21.8)	(4.3)	(2.7)			
Department of Revenue Implementation Costs	(5.0)					
2009-2011 Budget Requirement	(500.4)	(667.1)				
Remainder	\$38.6	\$65.7	\$732.4	\$80.0	\$119.4	\$127.5