

Warner Paul D

From: Warner Paul D
Sent: Monday, July 13, 2015 1:08 PM
To: Warner Paul D
Subject: FW: Revenue Impact for Initiative Petitions

The IPs involving the tax on C-corporations (IP 22, IP 23, IP 27, IP 28, IP 29) have the same revenue impact. Each subjects the gross receipts (based on Oregon sales) of C- corporations to a 2.5% marginal tax on all Oregon sales above \$25 million. C-corps with sales less than \$25 million are unaffected by these potential measures. About 1,000 corporations would be affected by the new 2.5% tax rate. The one substantive difference among the initiatives in terms of revenue is IP 28 which excludes benefit corporations from the new higher rate. We don't have any tax data on these relatively new entities because they have been treated as regular corporations for tax purposes. We know there are about 450 of them but we believe the vast majority are small with Oregon sales below \$25 million. The revenue impact for these initiatives which would become effective 1-1-17 is:

2015-17 : +\$1.3 billion
2017-19: +\$5.3 billion
2019-21: +\$5.6 billion

There are differences in how these initiative petitions would allocate the revenue, but the revenue impact for each is the same, with the exception of IP 28 which would be slightly less than the others.

IP 24 and IP 26 establish new marginal tax brackets for high income personal income taxpayers.

IP 24 creates a 10.8% bracket for taxable income between \$125,000 and \$250,000 for single filers (between \$250,000 and \$500,000 for joint filers) and 11% for taxable income above \$250,000 (\$500,000 for joint filers) starting with the 2017 tax year. This measure would affect an estimated 45, 218 filers in 2017. The estimated revenue impact is:
2015-17: +\$64.0 million.
2017-19: +\$321.5 million.
2019-21: +\$354.3 million.

IP 26 also creates new marginal personal income tax brackets: 11.5% for taxable income between \$125,000 and \$250,000 for single filers (between \$250,000 and \$500,000 for joint filers), 13.5% for income between \$250,000 and \$500,000 (\$500,000 and \$1 million for joint filers) starting in 2017. The number of taxpayers affected would be the same as IP 24. The estimated impact is:
2015-17: +\$239.5 million.
2017-19: +\$1,214.5 million.
2019-21: +\$1,328 million.

These are preliminary estimates. We will re-examine them as we get further along in the initiative process and it becomes clear which ones are likely to move toward the ballot.