Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 1084 (Delegate Gordon, *et al.*)
Ways and Means

Tax Incentives and Benefits - Credits and Subtraction Modifications

This bill converts specified credits against the State income tax to subtraction modifications. The bill also repeals the Maryland Disability Employment Tax Credit and the Employment Opportunity (Work, Not Welfare Credit).

The bill takes effect July 1, 2003 and applies to all taxable years beginning after December 31, 2002. The bill does not affect any credits claimed on or after July 1, 2003 if the person claiming the credit qualified for the credits before July 1, 2003.

Fiscal Summary

State Effect: General fund revenue increase of approximately $20.6 million and a Transportation Trust Fund (TTF) revenue increase of approximately $510,000 in FY 2004, which reflects the impact of one-half tax year. Future year increases reflect an increasing amount of subtractions being claimed as well as future sunset provisions.

($ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	$20.6	$43.1	$30.8	$28.8	$23.7
SF Revenue	.5	1.6	1.5	1.3	1.1
Expenditure	$0	$0	$0	$0	$0
Net Effect	$21.1	$44.7	$32.2	$30.1	$24.8

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Revenue decrease of approximately $59,500 in FY 2004 and $164,200 in FY 2005. Revenue increase of approximately $101,300 in FY 2006, $40,900 in FY 2007, and $109,400 in FY 2008.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill converts the following income tax credits to subtraction modifications:

- **Enterprise Zone Credit:** Businesses located in a Maryland enterprise zone may be entitled to a tax credit for wages paid to newly hired employees. The local enterprise zone administrator must certify the business to qualify for the credit. The credits are based on the wages paid during the taxable year to each qualified employee.

- **Job Creation Tax Credit:** Businesses that expand or establish a facility in Maryland resulting in the creation of new positions in the State may be entitled to a tax credit. The amount of the tax credit is based on the number of positions created or on the wages paid to the new employees. The credit allowed depends on where in Maryland the facility is located. If the facility is located in a revitalization area, the credit is the lesser of $1,500 multiplied by the number of employees hired to fill the new positions, or 5% of the wages paid to employees hired to fill the new positions. If the facility is not located in a revitalization area, the credit is reduced to the lesser of $1,000 multiplied by the number of employees hired to fill the new positions, or 2.5% of the wages paid to employees hired to fill the new positions. Half of the amount of the allowable credit is claimed in the first year and the remaining half in the following taxable year. The total credit earned by any one company may not exceed $1 million for any credit year. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

- **One Maryland Economic Development Credit:** Businesses that establish or expand a business facility in a priority funding area or as part of a project approved by the Board of Public Works, and that are located in a "distressed" Maryland county, may be entitled to a tax credit for costs related to the new or expanded facility. A "distressed" county has an average rate of unemployment that is 150% higher than the statewide average or an average per-capita personal income that is equal to or less than 67% of the statewide average. The credit for start-up costs is the lesser of 100% of eligible start-up costs (up to $500,000), less any credits taken in prior years, or $10,000 multiplied by the number of employees that have filled the newly created, qualified positions. The credit for project costs is the lesser of 100% of eligible project costs (up to $5 million), less any credits taken in prior years, or the State income tax liability for the taxable year from the project. No credit may be claimed against the insurance premium tax for the first year or for the next four years after the project is placed in service. If the credit is more than the tax liability, the unused credit may be carried forward for the next 14 tax years. At any time after the fourth tax year following the tax year in which the project is placed in service, but before the expiration of the fifteenth year, the business may apply the excess credit to nonproject-related taxable income. Excess unused credits may be refunded. If the majority of the positions created are paid at 250% or more of the minimum wage and the first notice of intent to seek certification is filed with the Department of Business and Economic Development as of July 1, 2002, the excess credit may be used against the tax on nonproject income or refunded two years earlier. For any tax year, the total of any refund claimed for the project cost credit and the amounts used against the taxpayer's nonproject Maryland tax liability for that credit may not exceed State and local taxes that must be withheld from the newly hired employees. For the start-up cost credit, the amount to be refunded may not exceed the State and local taxes required to be withheld from the newly hired employees.

- **Neighborhood Partnership Program:** Businesses that contribute cash or goods to approved projects operated by tax-exempt organizations (under Internal Revenue Code section 501(c)(3)) are eligible for a tax credit of up to $125,000 per year. This credit is in addition to any charitable contribution deduction that is allowed for these contributions on both the State and federal income tax returns. The credit is 50% of the value of the donation, up to $125,000 per year. Total contributions eligible for the tax credits for all approved projects may not be more than $2 million per fiscal year. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

- **Work-based Learning Program Credit:** Businesses that hire students as part of an approved work-based learning program in the State may be entitled to a tax credit for a portion of the wages paid to these individuals. The credit sunsets June 30, 2004. The credit is 15% of the wages paid to each student during the taxable year. Cumulative credits for all years cannot exceed $1,500 per student. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

- **Commuter Tax Credit:** Maryland-based businesses that provide commuter benefits for employees may be entitled to a tax credit for a portion of the amounts paid during the taxable year. Commuter benefits include certain costs for an employee's travel to and from home and the workplace, a Guaranteed Ride Home program, or a parking "Cash-Out" program. The tax credit is 50% of the cost of providing the commuter benefits up to a maximum of $50 per month (based on a $100 employer contribution) for each employee. The credit may not exceed the

Maryland tax due for a particular tax year. If the credit is more than the tax liability, the unused credit may not be carried forward to any other taxable year.

- **Tax Credit for Qualified Ex-felons:** A business entity may claim a tax credit for wages paid to a qualified ex-felon employee. For each taxable year, a credit is allowed in an amount equal to: (1) 30% of up to the first $6,000 of the wages paid to the qualified ex-felon employee during the first year of employment; and (2) 20% of up to the first $6,000 of the wages paid to the qualified ex-felon employee during the second year of employment. A tax-exempt organization may apply the credit against income tax due on unrelated business taxable income or for the payment to the Comptroller of taxes that the organization is required to withhold from the wages of employees. The credit sunsets December 31, 2004.

- **Maryland Mined Coal Credit:** A co-generator, a public service company, or an electricity supplier that purchases coal mined in Maryland may be eligible for a tax credit. The credit is $3 per ton of Maryland-mined coal purchased during the taxable year. If the credit is more than the tax liability, the unused credit may not be carried forward to future taxable years.

- **Water Quality Improvement Credit:** A credit may be claimed for the additional commercial fertilizer costs necessary to convert agricultural production to a certified nutrient management plan. The credit allowed is equal to 50% of the certified additional commercial fertilizer costs necessary to convert agricultural production to a nutrient management plan. The credit may be claimed for up to three consecutive years; may not exceed $4,500 in any tax year; and may not be earned for any tax year beginning on or after January 1, 2009. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

- **Employer-provided Long-term Care Credit:** Employers who provide long-term care insurance as part of an employee benefit package may claim a credit for costs incurred. The credit allowed is 5% of the costs. The total claimed for a taxable year for all employees may not exceed $5,000, or $100 per employee, whichever is less. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

- **Long-term Care Insurance Credit:** Purchasers of a long-term care insurance contract for themselves or for certain members of their family may be eligible for a credit of up to $500 for each insured. The credit is 100% of the premium paid for each long-term care contract during the tax year. Each credit cannot exceed certain amounts based on the age of the insured. The maximum credit for 2002 is as follows: ages 40 or less – $240; ages 41 to 50 – $450; and ages 51 and over – $500.

- **Research and Development Credit:** Businesses that incur qualified research and development expenses in Maryland are entitled to a tax credit. The total credits for all businesses may not exceed $6 million per year. There are two types of research and development tax credits available to businesses. The *Basic Research and Development Credit* is equal to 3% of the Maryland qualified research and development expenses paid during the tax year, up to the Maryland base amount. The *Growth Research and Development Credit* is equal to 10% of the Maryland qualified research and development expenses paid during the year that exceed the Maryland base amount. The Maryland base amount is the average annual gross receipts of the business for the four preceding tax years multiplied by a fixed-base percentage. For most businesses, the fixed-base percentage is the percentage that Maryland research and development expenses for the preceding four tax years is of total gross receipts for those years. If the credit is more than the tax liability, the unused credit may be carried forward for the next 15 tax years.

- **Green Buildings Credit:** Businesses that construct or rehabilitate a building that conforms to specific standards intended to save energy and to mitigate environmental impact may take a credit for a portion of the cost. The total amount of credits certified for all taxpayers each year (calendar 2003 through 2011) is subject to certain limitations. Credits will be allowed for amounts spent on or after July 1, 2001. This credit will be available for tax years beginning after December 31, 2002. Allowable costs may not exceed in the aggregate: $120 per square foot for that portion of the building that is owner occupied, and $60 per square foot for that portion of the building that comprises the tenant space. The credit is the sum of four credit components. *Building credit component:* A percentage of the allowable costs paid by the owner or tenant to make some portion of the building "green." Each credit is limited by a dollar amount per square foot. For a whole building, 8% of the allowable costs paid for or incurred by the owner or tenant, as outlined: <u>base building</u> (areas not intended to be occupied) – 6% of the allowable costs; allowable costs may not exceed $120 per square foot; the maximum credit amount is $7.20 per square foot for the area that comprises the base building; <u>tenant space</u> – 6% of the allowable costs; allowable costs may not exceed $60 per square foot; the credit cannot be claimed by the owner if the owner occupies less than 10,000 square feet of the building or by the tenant if the tenant occupies less than 5,000 square feet; the maximum credit amount is $3.60 per square foot. *Fuel cell credit component:* 30% of the costs paid by the owner or tenant to purchase and install a fuel cell in a green whole building, base building, or tenant space. The credit cannot exceed $1,000 per kilowatt hour of capacity and is reduced by nontaxable government grants used to purchase and install the fuel cell. *Photovoltaic module credit component:* 25% (20% if building-integrated) of the cost paid by an owner or tenant to purchase and install a photovoltaic module in a green whole building, base building, or tenant space. The costs used to determine the credit amount cannot exceed $3 per watt of capacity, and are reduced by nontaxable government grants used to purchase and install the modules. The credit cannot be taken if the Clean Energy Incentive Credit has been claimed for the installation of the photovoltaic modules. *Wind turbine component:* 25% of the cost to purchase and install wind turbines that qualify as alternative energy sources and will serve a green whole building, base building, or tenant space. The total amount of credits approved for all taxpayers in each year is also subject to certain limitations. If the credit is more than the tax liability, the unused credit may be carried forward for the next ten tax years.

- **Clean Energy Incentive Tax Credit:** Individuals who purchase and install solar water heating property or photovoltaic property may be entitled to income tax credits for property placed in service after June 30, 2000, and before January 1, 2005. There are separate calculations for each credit depending on the type of property purchased. For photovoltaic property, the credit equals the lesser of 15% of the total installed cost or $2,000 for each system; for solar water heating property, the credit equals the lesser of 15% of the total installed cost or $1,000 for each system.

- **Quality Teacher Incentive Credit:** Public school teachers who pay tuition during the tax year for graduate-level courses to maintain certification may be entitled to an income tax credit. An individual must be employed by a local board of education and be a classroom teacher in a public school, must hold a standard professional certificate or an advanced professional certificate, and must have completed one or more graduate-level courses with a grade of B or better. The courses taken must be required to maintain certification and the cost of the courses must exceed any amount reimbursed by the county. The credit is 100% of the unreimbursed amount of tuition paid, or $1,500, whichever is less. A credit of up to $1,500 is allowed for each individual. On a joint return, up to $3,000 is allowed if each spouse qualifies for the credit.

- **Preservation and Conservation Easements Credit:** Donors of a perpetual easement to the Maryland Environmental Trust or the Maryland Agricultural Land Preservation Foundation may be entitled to an income tax credit. An easement must preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, view sheds, or historic property. The credit is the difference between the value of the property before and after the donation, less any amounts received for the easement. For any taxable year, each owner is entitled to a credit equal to the lesser of $5,000 or the State income tax for that year. If the credit is more than the tax liability, any unused credit may be carried forward for up to 15 years, subject to $5,000 or State income tax limitations.

- **Aquaculture Oyster Float Credit:** A taxpayer who purchases an aquaculture oyster float on or after July 1, 2002, may be entitled to a credit of up to $500. An aquaculture oyster float is designed to grow oysters to help restore the oyster population in certain bodies of water.

- **Heritage Structure Rehabilitation Credit:** A credit of up to $3 million may be allowed for substantial expenditures incurred in a 24-month period to rehabilitate a certified heritage structure located in Maryland. The credit is available for owner-occupied residential property, as well as income-producing property. Most forms of State or local government resources cannot be used to finance a rehabilitation project. The credit is based on the lesser of $3 million or a percentage of the total expenditures incurred during the taxable year. For tax years 2002 and later, the percentage is equal to 20%.

The bill also repeals the following two credits:

- **Maryland Disability Employment Tax Credit:** Businesses that hire people with disabilities may be entitled to a tax credit for wages paid to the employees and for child care and transportation expenses paid on behalf of the employees. A person with a disability includes a veteran released from the armed forces for a service-related disability. The credit is allowed for the first two years of employment of the disabled individual for both the wages paid and the child care or transportation expenses paid on behalf of the employee. For the first year, 30% of the first $6,000 of wages paid for a maximum allowable credit of $1,800 (20% for employees hired before July 1, 2000) and up to $600 of expenses paid for child care and transportation expenses. For the second year, 20% of the first $6,000 of wages for a maximum allowable credit of $1,200 and up to $500 of expenses paid for child care and transportation expenses. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

- **Employment Opportunity (Work, Not Welfare Credit):** Businesses that hire an individual who is receiving Family Investment Program (FIP) entitlements may be entitled to a tax credit for wages paid to the employee and child care and transportation expenses paid on behalf of the employee. The credit is allowed for the first two years of employment of the individual for both the wages paid and the child care or transportation expenses paid on behalf of the employee. For the first year, 30% of the first $6,000 of wages paid for a maximum allowable credit of

$1,800 (20% for employees hired before July 1, 2000) and up to $600 of expenses paid for child care and transportation expenses. For the second year, 20% of the first $6,000 of wages for a maximum allowable credit of $1,200 and up to $500 of expenses paid for child care and transportation expenses. If the employee has been a recipient of temporary cash assistance for any 18 months during the last 48 months and is employed by the business for a full year, the credit increases to 40% of the first $10,000 of wages paid to the employee. The credit for child care or transportation expenses may also be taken for the first and second years as shown above. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

Finally, the bill repeals provisions of current law that authorize claiming the credits against the public service company franchise tax and the insurance premiums tax.

Background: Prior to 1995, with the exception of the Earned Income Credit, tax credits were not a significant feature of Maryland income tax policy. Other than the Earned Income Credit and the credits allowed for withholding and estimated tax payments and for income tax paid to another state, the only credits allowed were the Enterprise Zone Wage Credit and the Maryland-Mined Coal Credit. Since 1995, however, there has been considerable legislative activity regarding income tax credits, with over 30 new credits enacted as shown in **Exhibit 1**.

Exhibit 1

Tax Credits under the Maryland Income Tax

Primarily Individual Credits

Earned income credit (1987)
Neighborhood preservation (1996)
Heritage rehabilitation (1996)
Installment sales/other state (1997)
Refundable Earned Income Credit (1998)
Poverty level credit (1998)
Child/dependent care credit (1999)
Teacher advanced education (1999)
Long-term care premiums (2000)
Photovoltaic/solar property (2000)
Preservation/conservation easements (2001)
Arts & Entertainment District (2001)
Aquaculture oyster float (2002)

Primarily Business Credits

Enterprise Zone Wage (1982)
Maryland-mined coal (1987)
Work, not Welfare (1995)
Job Creation (1996)
Neighborhood Assistance (1997)
New/Expanded Business Premises (1997)
Telecommunications Utility Operating Real Property (1997)
Disabled employees (1998)
Employer-provided long-term care (1998)
Student work-based learning program (1998)
Commercial fertilizer costs (1998)
Employer-provided commuter benefits (1999)
One Maryland Economic Development (1999)
Electric Generating Utility Operating Real Property (1999)
Multijurisdictional Electric Company Headquarters (1999)
Qualified energy resources (2000)
Research and Development (2000)
Green building credits (2001)
Employment of Qualified Ex-felons (2002)

Prepared by: Department of Legislative Services

Some tax credits can be considered an integral part of the State's tax structure, such as the Earned Income Credit which reduces the income tax burden on low-income individuals. However, most of the tax credits established over the past several years have been designed as incentives to encourage particular activities or as subsidies for those activities. These types of tax credits are alternatives to direct State expenditures for these State policy goals. One of the primary benefits typically put forward for using a tax credit for these purposes as opposed to a direct State expenditure (such as a direct State grant to encourage the activity) is that, in theory, a tax credit program can provide greater simplicity, less bureaucracy, and less administrative costs, because the program is operated through the existing tax collection system. Another theoretical benefit of using a tax credit is that publicity can be realized for the program through the income tax return and instructions.

On the other hand, by their nature tax credits are not subject to appropriation or the annual budgetary review process, and the level of expenditure is not controlled by the State, resulting in fiscal unpredictability. Other natural characteristics of tax credits include no prior review of eligibility and enforcement through the regular tax enforcement and audit process.

State Fiscal Effect: Changing existing State income tax credits to subtraction modifications will reduce the State revenue loss associated with the tax credits. While State revenues will be reduced by the subtraction modifications, the overall effect will be a revenue savings. Income tax credits reduce State revenues in the amount of the credit claimed on tax returns. Subtraction modifications reduce State revenues by the tax rate multiplied by the amount of the subtraction claimed.

Impact of the Bill on Tax Credits

It is estimated that the total amount of earned tax credits for those referenced in the bill would total approximately $41.6 million in tax year 2003. **Appendix 1** shows the estimated amounts of income tax credits that will be earned for tax years 2003 through 2008, and the total amount of subtraction modifications that would result from the bill. Not all income tax credits that are earned can be claimed due to the fact that they are limited to the taxpayer's income tax liability. Based on the average of four prior tax years, it is estimated that only 71% of personal income tax credits earned will actually be claimed. For corporate tax credits, 93% of earned credits will be claimed. However, it is assumed the full amount of eligible subtractions will be taken.

Appendix 1 does not include an estimated $10.7 million in Maryland-mined coal credits that will be claimed against the public service company franchise tax annually. As a subtraction, this part of the credit would reduce general fund revenues by approximately $506,350 annually.

It is estimated that approximately $32.1 million in Heritage Structure Rehabilitation credits will be earned by taxpayers filing individual returns and an additional $5.7 million by corporate taxpayers in fiscal 2004. It is assumed that approximately 75% of projects that will be eligible for credits in tax year 2003 will be completed prior to July 1, and therefore eligible for the credit instead of the subtraction proposed by the bill. As a result, approximately $31.7 million in heritage credits will still be claimed in fiscal 2004, and approximately $3.3 million will be claimed in fiscal 2005.

Appendix 2 shows the estimated impact on State and local revenues of changing the income tax credits described above to subtraction modifications, excluding the Maryland-mined coal credit claimed against the public service company franchise tax.

Total Impact of the Bill

Exhibit 2 shows the total impact of the bill, with the Heritage credit and the Maryland-Mined Coal Credit, on State and local revenues, by fiscal year.

Exhibit 2
Total Impact of HB 1084
By Fiscal Year

Change by Fiscal Year	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Heritage Credit					
GF	$5,635,580	$20,485,121	$5,421,200	$1,780,404	$0
TTF	144,243	524,318	138,756	45,570	0
Local	(84,665)	(307,754)	(81,444)	(26,748)	0
Maryland-Mined Coal (PSCFT)	10,153,650	10,153,650	10,153,650	10,153,650	10,153,650
Other Credits					
GF	4,769,522	12,422,298	15,188,620	16,886,298	13,522,556
TTF	336,104	1,079,326	1,331,225	1,261,220	10,99,273
Local	25,157	143,585	182,784	67,643	109,436
GF	20,558,752	43,061,069	30,763,470	28,820,352	23,676,206
TTF	510,347	1,603,644	1,469,981	1,306,789	1,099,273
Local	(59,508)	(164,169)	101,340	40,895	109,436

Local Fiscal Effect: The local impact of the bill is shown in the above exhibits. Local government revenues would decline as a result of both individual and corporate taxpayers claiming the subtractions proposed in the bill. Changes in adjusted gross income impact the calculation of the local income tax. Local revenues would decrease by approximately 2.8% of the State subtraction taken in tax year 2003.

Also, as mentioned above, 76% of corporate tax revenues are distributed to the general fund, and 24% are distributed to the TTF. Of the 24% distributed to the TTF, approximately 30% are distributed to local jurisdictions.

Small Business Effect: Small businesses that currently claim income tax credits would realize a reduced income tax benefit as a result of claiming subtraction modifications.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Comptroller's Office, Department of Legislative Services

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Appendix 1
Estimated Earned Income Tax Credits and Subtraction Resulting From HB 1084

(in dollars)	TY 2003		TY 2004		TY 2005		TY 2006		TY 2007	
	Personal	**Corporate**	**Personal**	**Corporate**	**Personal**	**Corporate**	**Personal**	**Corporate**	**Personal**	**Corporate**
Enterprise Zone	$227,250	$505,000	$229,523	$510,050	$231,618	$515,151	$234,136	$520,302	$236,477	$525,505
Job Creation	101,000	1,212,000	102,010	1,224,120	103,030	123,6361	104,060	1,248,725	52,030	624,362
One Maryland	10,000	600	15,000	900	20,000	1,200	25,000	1,500	30,000	1,800
Neighborhood Partnership	275,625	105,000	289,406	110,250	303,877	115,763	319,070	121,551	335,024	127,628
Work-Based Learning	24,255	14,140	12,734	7,141						
Commuter Benefits	88,200	16,224	92,610	16,873	97,241	17,548	102,103	18,250	107,208	18,980
Ex-Felons	minimal	minimal	minimal	minimal						
Maryland-Mined Coal	0	1,340,000	0	1,340,000	0	1,340,000	0	134,0000	0	134,0000
Water Quality	0	0	0	0	0	0	0	0	0	0
Employer-Provided LT Care	3,030	9,595	3,060	9,691	3,091	9,788	3,122	9,886	3,153	9,985
LT Care	2,704,4000	N/A	3,515,200	N/A	4,569,760	N/A	5,940,688	N/A		N/A
R&D	0	4,500,000	0	6,000,000	0	3,000,000	0	1,500,000		
Green Buildings	0	1,000,000	0	2,000,000	0	3,000,000	0	4,000,000	0	5,000,000
Clean Energy Incentives	18,150	0	19,965	0	21,962	0	2,416	0	2,657	0
Quality Teacher Incentives	5,760,000	N/A	6,912,000	N/A	8,294,400	N/A	9,953,280	N/A	11,943,936	N/A
Conservation & reservation Easements	193,819	N/A	195,757	N/A	197,715	N/A	199,692	N/A	201,689	N/A
Oyster Floats	5,000	N/A	5,000	N/A	5000	N/A	5,000	N/A	5,000	N/A
Heritage Credit	32,194,790	5,681,433	21,786,133	3,844,612	5,032,540	888,095	1,652,762	291,664	0	0
Total	**41,605,119**	**14,383,992**	**33,178,398**	**15,063,637**	**18,907,432**	**10,123,905**	**18,541,329**	**9,051,877**	**12,917,713**	**7,648,260**
Amount of Subtractions to be Taken Resulting from the Bill[1]	**$41,605,119**	**$54,383,992**	**$33,178,398**	**$55,063,817**	**$18,907,432**	**$10,123,905**	**$18,541,329**	**$9,051,877**	**$12,917,174**	**$7,648,260**

[1]Includes $15 million in basic subtraction and $31 million in growth subtractions for the R&D credit for tax years 2002-2004 when the subtraction expires.

Appendix 2
Impact on State and Local Revenues

	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008	
	Personal	**Corporate**	**Personal**	**Corporate**	**Personal**	**Corporate**	**Personal**	**Corporate**	**Personal**	**Corporate**
Current Law[1]										
GF	$35,531,625	$7,269,560	$29,866,901	$10,529,420	$14,856,725	$7,028,907	$13,635,748	$6,313,427	$9,163,219	$5379790
TTF	0	1,606,956	0	2,327,556	0	1,553,758	0	1,395,600	0	1,189,217
Local	0	688,695	0	997,524	0	665,897	0	598,114	0	509,664
HB 1084										
GF	27,435,233	4,960,849	4,214,060	3,274,841	896,821	378,992	880,713	401,760	613,566	406,887
TTF	0	1,096,609	0	723,913	0	83,777	0	88,810	0	89,944
Local	278,228	469,975	851,465	310,248	528,652	35,904	519,157	38,061	361681	38,547
Change										
GF	8,096,391	2,308,711	25,652,841	7,254,578	13,959,904	6,649,916	12,755,035	5,911,667	8,549,653	4,972,903
TTF	0	510,347	0	4,603,644	0	1,469,981	0	1,306,790	0	1,099,273
Local	(278,228)	218,720	(851,445)	687,276	(528,652)	629,992	(519,157)	560,053	(361,681)	471,117

[1]Includes required addition modifications.