## Comparison of Business Tax Base Options

Tax Base	Strengths	Weaknesses
Corporate Income Tax	<ul> <li>Companion to personal income tax</li> <li>Greater prospects of exporting out of state</li> <li>Destination based apportionment</li> </ul>	<ul> <li>Complex/Hard to administer</li> <li>Volatile</li> <li>Narrow Base</li> <li>Slow growth over time</li> <li>Linked to Federal tax base policy</li> <li>Subject to Fed corporate nexus standards</li> </ul>
Value Added Tax	<ul> <li>Matches benefit equity standards</li> <li>Broad base</li> <li>No pyramiding</li> <li>Not subject to Federal PL 86-272 nexus standards</li> </ul>	<ul> <li>Origin base at state level puts exporting companies at competitive risk</li> <li>Only one currently operational example at state level</li> <li>Partial shifting to consumer</li> </ul>
Gross Receipts Tax	<ul> <li>Broadest base</li> <li>Destination based</li> <li>Not subject to Federal PL 86-272 nexus standards</li> <li>Some recent examples of states moving toward this base</li> </ul>	<ul> <li>Multiple intermediate transactions creates pyramiding</li> <li>Partial shifting to consumer</li> </ul>

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