

Joint Committee on Tax Reform Simulation 4

(effective 1-1-2018):

5/16/2017

1. Eliminate Corporation Income Tax
2. Create a Commercial Activities Tax (\$250 + 0.48% of sales > \$1 million)
3. Change PIT rates from 5/7/9/9.9 to 4.5/6.5/8.5/9.9

| 2018 Levels | | | | |
|--|-------------|-----------------|----------------------|----------------|
| | Baseline | New Equilibrium | Change From Baseline | Percent Change |
| Private Sector | | | | |
| Nominal Personal Income (\$M) | \$197,714 | \$197,643 | -\$70 | -0.04% |
| Nominal per capita Personal Income (\$M) | \$47,075 | \$47,013 | -\$62 | -0.13% |
| Employment (Thousand) | 2,590.7 | 2,598.2 | +7.5 | +0.29% |
| Population (M) | 4.200 | 4.204 | +0.004 | +0.10% |
| Investment (\$M) | \$16,477.31 | \$16,510.35 | +\$33 | +0.20% |
| Wage Index | 100.0 | 99.53 | -0.47 | -0.47% |
| Return to Capital | 100.0 | 100.05 | +0.05 | +0.05% |
| Price Levels | 100.0 | 100.15 | +0.15 | +0.15% |
| Public Sector | | | | |
| State Spending (\$M) | \$27,966 | \$28,291 | +\$325 | +1.16% |
| GF Revenue (\$M) | \$8,759.52 | \$9,086.28 | +\$327 | +3.73% |
| OF Revenue (\$M) | \$19,206.36 | \$19,204.63 | -\$2 | -0.01% |
| Local Govt Revenue (\$M) | \$17,002.88 | \$17,014.63 | +\$12 | +0.07% |
| Federal Tax Paid by Oregonians (\$M) | \$35,913.27 | \$35,973.41 | +\$60 | +0.17% |

| | |
|--------------------------------------|--------|
| Static Revenue Impact (\$ Millions) | +\$341 |
| Dynamic Revenue Impact (\$ Millions) | -\$4 |
| Net Revenue Impact (\$ Millions) | +\$337 |
| General Fund Change (\$ Millions) | +\$327 |
| Other Funds Change (\$ Millions) | -\$2 |
| Local Revenue Change (\$ Millions) | +\$12 |

Total Real Disposable Household Income

| | Baseline (\$M) | New Equilibrium (\$M) | Difference (\$M) | % Difference | Change in Number of Hholds | Mean Income Change per HH (\$) |
|-----------------------|------------------|-----------------------|------------------|--------------|----------------------------|--------------------------------|
| Above \$205,869 | \$35,666 | \$35,583 | -\$82.6 | -0.2% | -129 | -\$400 |
| \$137,246 - \$205,869 | \$31,411 | \$31,324 | -\$87.0 | -0.3% | -106 | -\$395 |
| \$102,934 - \$137,246 | \$24,463 | \$24,427 | -\$35.3 | -0.1% | 86 | -\$240 |
| \$68,623 - \$102,934 | \$29,974 | \$29,927 | -\$47.1 | -0.2% | 216 | -\$212 |
| \$48,036 - \$68,623 | \$19,776 | \$19,768 | -\$8.3 | 0.0% | 485 | -\$167 |
| \$34,311 - \$48,036 | \$13,383 | \$13,392 | +\$9.4 | 0.1% | 618 | -\$153 |
| \$20,587 - \$34,311 | \$11,714 | \$11,719 | +\$4.7 | 0.0% | 563 | -\$131 |
| Less than \$20,587 | \$9,867 | \$9,841 | -\$26.4 | -0.3% | -22 | -\$112 |
| TOTAL | \$176,253 | \$175,980 | -\$272.8 | -0.2% | 1,712 | |

Change in Total Real Disposable Household Income (\$M)

