

Potential Corporate Activity Tax Changes Policies in SB 140 Amendments (Starting 1/1/2024)

Senate Finance and Revenue 6-6-2023

Package A (SB 140-3)

- Increase taxability threshold to \$2 million (from \$1 million)
- Exempt payments from public Insurance and prescriptions in clinical setting
- Add second tax rate; rates now 0.57% from \$2M to \$10M, and 0.615% over \$10M
- Reduce cost-input/labor subtraction to 30% (from 35%)

Revenue Impact (\$ Millions)

2023-25	2025-27	2027-29
-2.9	-7.1	-8.4

Package B

- Add credit to reduce tax to zero up to \$3 million commercial activity
Full current tax (from \$1 million) for taxpayers with more than \$3 million
- Exempt payments from public Insurance and Clinical Prescriptions
- Expand prescription exemption to all pharmacies

Revenue Impact (\$ Millions)

2023-25	2025-27	2027-29
-69.8	-162.6	-182.1

Package C

- Add credit to reduce tax to zero up to \$3 million commercial activity
Full current tax (from \$1 million) for taxpayers with more than \$3 million
- Exempt payments from public Insurance and Clinical Prescriptions
- Expand prescription exemption to pharmacies with up to 25 locations (from 9)
- Reduce cost-input/labor subtraction to 32% (from 35%)
- Limit labor subject to 32% subtraction to \$125,000 per employee (from \$500K)

Revenue Impact (\$ Millions)

2023-25	2025-27	2027-29
-28.7	-67.1	-75.4