

CAPITAL GAINS RATE REDUCTION REVENUE IMPACT ESTIMATES*

(IN MILLIONS OF \$)

50% EXCLUSION FOR CAPITAL GAINS INCOME FROM OREGON BUSINESSES HELD FOR MORE THAN 5 YEARS

40% EXCLUSION FOR ALL OTHER FEDERALLY DEFINED CAPITAL GAINS INCOME HELD FOR >5 YEARS PHASED IN AT 5% INCREMENTS OVER 8 YEARS STARTING 1-1-13

TAX YEAR	2013	2014	2015	2016	2017	2018	2019	2020	2021
TAX COLLECTIONS FROM CAPITAL GAINS INCOME UNDER CURRENT LAW	584.1	810.8	743.9	750.7	783.3	822.5	863.6	906.8	952.1
50% EXCLUSION ON OREGON COMPANIES >5 YEARS	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%
EFFECTIVE TAX RATE	-8.8	-12.2	-11.2	-11.3	-11.7	-12.3	-13.0	-13.6	-14.3
STATIC IMPACT	0.4	1.2	1.7	2.3	2.9	3.1	3.2	3.4	3.6
ECONOMIC EFFECT	1.3	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PORTFOLIO EFFECT	-7.0	-9.7	-9.5	-9.0	-8.8	-9.3	-9.7	-10.2	-10.7
NET EFFECT ON TAX LIABILITY									
EXCLUSION ALL OTHER CAPITAL GAINS >5 YEARS	0.05	0.10	0.15	0.20	0.25	0.30	0.35	0.40	0.40
EFFECTIVE TAX RATE	9.41%	8.91%	8.42%	7.92%	7.43%	6.93%	6.44%	5.94%	5.94%
STATIC ESTIMATE	-16.6	-46.2	-63.6	-85.6	-111.6	-140.6	-172.3	-206.7	-217.1
ECONOMIC ACTIVITY EFFECT**	0.5	2.3	4.5	8.6	13.4	16.9	20.7	24.8	26.0
NET EFFECT ON TAX LIABILITY	-16.1	-43.9	-59.2	-77.0	-98.2	-123.8	-151.6	-181.9	-191.0
TOTAL EFFECT ON TAX LIABILITY FROM BOTH EXCLUSIONS	-23.2	-53.6	-68.6	-86.0	-107.0	-133.0	-161.3	-192.1	-201.7

REVENUE IMPACT ESTIMATES

FISCAL YEAR

NET REVENUE IMPACT

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
-23.2	-53.6	-68.6	-86.0	-107.0	-133.0	-161.3	-192.1

BIENNIUM

REVENUE IMPACT

2013-15	2015-17	2017-19	2019-21
-76.8	-154.7	-240.1	-353.5

REVENUE COMPARISON

PROJECTED GENERAL FUND REVENUE

SJR 26 PROJECTED REVENUE BASED ON HISTORICAL EXPECTED VALUE @2.4%

2013-18	2017-19	2019-21
16131.8	19560.3	21535.8
387.2	469.4	516.9

*ESTIMATES BASED ON MARCH 2011 FORECAST

LRO: 5-4-11