



## **HB 2831 A tiny change to our Corporate Minimum Tax and a 3/5 vote**

House Revenue Committee – Jody Wisner – 3.2.2017

We can't imagine what problem this bill is trying to solve, unless it is to test out when Legislative Council would want a 3/5 vote. The bill might collect an additional million dollars.

But it is an opportunity to invite you to actually study the peculiarities of our current corporate minimum tax.

Look what happens if you sell \$7,000,000 rather than \$6,999,999 in products or services: an extra \$3,500 in tax. For larger amounts, an extra \$1.00 in sales can raise the minimum tax by \$25,000.

SALES	TAX
Under \$500,000	\$150
\$500,000 to \$999,999	\$500
\$1,000,000 to \$1,999,999	\$1000
\$2,000,000 to \$2,999,999	\$1,500
\$3,000,000 to \$4,999,999	\$2,000
\$5,000,000 to \$6,999,999	\$4,000
\$7,000,000 to \$9,999,999	\$7,500
\$10,000,000 to \$24,999,999	\$15,000
\$25,000,000 to \$49,999,999	\$30,000
\$50,000,000 to \$74,999,999	\$50,000
\$75,000,000 to \$99,999,999	\$75,000
\$100,000,000 and above	\$100,000

Think about a corporation who owns 10 stores, and does \$100 million in sales. They pay the cap rate of \$100,000 in tax. But say their competitor, a company 10 times larger with 100 stores pays the same \$100,000 in tax because of the cap. We're pretty sure the owner of 100 stores uses courts, fire departments and police more often, but it's at no extra cost to them.

**It's time to fix our corporate minimum. And if the legislature can't reach consensus on a gross receipts tax, removing the cap, increasing the rate, and rationalizing it with a simple base of \$150 plus \$ \_\_\_\_ per \$100 in sales seems like a viable answer.**