

SB 165 Background

Policy Overview

<p>Base approach -- Gross Tax A is calculated under traditional method: $(All\ Income - Deductions) \times (Regular\ Rates) = Gross\ Tax\ A$</p>
<p>Opt-in approach -- Gross Tax B is calculated under the new law: $(Non-passive\ Income) \times (New\ Rates) = Gross\ Tax\ B.1$ $(All\ Other\ Income - Deductions) \times (Regular\ Rates) = Gross\ Tax\ B.2$ $(Gross\ Tax\ B.1) + (Gross\ Tax\ B.2) = Gross\ Tax\ B$</p>
<p>The taxpayer will choose the lesser of the two gross tax amounts: $Gross\ Tax = Lesser\ of\ "Gross\ Tax\ A" \text{ or } "Gross\ Tax\ B"$</p>

Joint Income Tax Rates	
Taxable Income (\$)	Tax Rate
< \$6,700	5.0%
\$6,700 to \$16,800	7.0%
\$16,800 to \$250,000	9.0%
\$250,000 or more	9.9%

Non-Passive Income Tax Rates	
Taxable Income (\$)	Tax Rate
< \$250,000	7.0%
\$250,000 to \$500,000	7.2%
\$500,000 to \$1 Million	7.6%
\$1 Million to \$2.5 Million	8.0%
\$2.5 Million to \$5 Million	9.0%
\$5 Million or more	9.9%

Preliminary Data for Tax Year 2015

Full-Year Filers

Income	Revenue Impact (\$M)		
	Estimated Preliminary Difference		
\$0 - \$50k	-\$0.8	\$0.0	\$0.8
\$50k-\$70k	-\$1.4	-\$0.1	\$1.3
\$70k-\$100k	-\$4.0	-\$0.4	\$3.6
\$100k-\$200k	-\$15.9	-\$3.5	\$12.3
\$200k-\$500k	-\$28.9	-\$14.5	\$14.4
> \$500k	-\$40.1	-\$47.6	-\$7.5
Total	-\$91.1	-\$66.3	\$24.9

Means (\$) -\$1,171 -\$4,958

Number of Entities per Tax Return	Tax Returns	Share
1	432	87%
2	49	10%
3	6	1%
4	8	2%
5	3	1%
Total	498	100%

Number of Employees	Number of Companies	Share
Unknown	132	2.2%
1	181	3.1%
2	320	5.4%
3-5	880	14.9%
6-10	1,251	21.2%
11-25	1,735	29.4%
26-50	773	13.1%
51-100	392	6.6%
101-500	224	3.8%
over 500	21	0.4%
Total	5,909	100.0%

Sector	Number of Entities	Share
Agriculture, Forestry, Fishing, and Hunting	34	7%
Construction	58	12%
Manufacturing	35	7%
Wholesale Trade	31	6%
Retail Trade	37	8%
Transportation and Warehousing	11	2%
Finance and Insurance	22	5%
Real Estate, Rental, and Leasing	25	5%
Professional, Scientific, and Technical Services	95	20%
Administrative, Support, and Waste Management	28	6%
Health Care and Social Assistance	59	12%
Accommodation and Food Services	27	6%
Other Services (except Public Administration)	8	2%
Other	13	3%
Unknown	54	
Total	537	