

Preliminary Tax Plans

Policy Tools

1. *Value Added Tax*
 - Single rate
 - Value added is calculated at the national level and then apportioned to Oregon through a single-sales factor
2. *Commercial Activities Tax*
 - An OH-style tax with a single tax rate
 - Details include:
 - Exempt petroleum
 - Finance and insurance are included

3. *Current Income Taxes*

Increase the corporate income tax rates to match the personal rates

	Bracket 1	Bracket 2	Bracket 3	Bracket 4
Current Law	6.6%			7.6%
Proposed Law	4.5%	6.5%	8.75%	9.9%

Increase the corporate minimum tax from 12 discrete amounts to a rate

C-Corporate Minimum Gross Tax	
Oregon Sales (\$)	MGT
< \$500,000	\$150
\$500,000 to \$1 Million	\$500
\$1 Million to \$2 Million	\$1,000
\$2 Million to \$3 Million	\$1,500
\$3 Million to \$5 Million	\$2,000
\$5 Million to \$7 Million	\$4,000
\$7 Million to \$10 Million	\$7,500
\$10 Million to \$25 Million	\$15,000
\$25 Million to \$50 Million	\$30,000
\$50 Million to \$75 Million	\$50,000
\$75 Million to \$100 Million	\$75,000
\$100 Million or more	\$100,000



0.3% * Oregon Sales

Reduce personal income tax rates

	Bracket 1	Bracket 2	Bracket 3	Bracket 4
Current Law	5%	7%	9%	9.9%
Proposed Law	4.5%	6.5%	8.75%	9.9%

Policy Option Packages

		\$1B per year	\$1.5B per year	\$2B per year
Option 1	Value Added Tax rate	1.27%	1.77%	2.27%
	Personal Income Tax	Reduce rates as above		
Option 2	Commercial Activities Tax rate	0.48%	0.66%	0.85%
	Personal Income Tax	Reduce rates as above		
Option 3	Value Added Tax rate	0.95%	1.45%	1.95%
	Corporate Minimum Tax	Increased as above		
	Personal Income Tax	Reduced as above		
Option 4	Commercial Activities Tax rate	0.41%	0.60%	0.78%
	Corporate Income Tax	Increased as above		
	Personal Income Tax	Reduced as above		