

Potential Corporate Activity Tax Changes (all assumed effective 1/2024)

Caution: The sum of individual changes may not equal combined impact of those changes because of policy interaction.

		Tax Year 2024				
		\$ Millions				
Decreases	Specific Bills with Exemptions					
		Exempt Public Medical Insurance (SB 56)	(34.9)		Medicaid, Medicare, PEBB, OEBC, TRICARE, Clinic Rx	
		Expand Pharmacy Rx Exemption (SB 61)	(15.8)		Would add pharmacies with 10 or more locations	
	Increase \$1 Million Tax Threshold				Change in Number of Taxpayers	
		\$2M	(105.1)	-7,100	-42%	
		\$3M	(173.6)	-9,800	-57%	
		\$4M	(225.5)	-11,200	-66%	
		\$5M	(268.1)	-12,200	-71%	
	Eliminate \$250 Minimum Tax		(5.6)			
	Tax Credit (% of Calculated Tax) for smaller businesses based on Taxable Commercial Activity (TCA)					
	100% of tax up to \$2 M of TCA -- 50% to 3 M -- 25% to \$5 M	(39.2)				
	100% of tax up to \$2 M of TCA -- 75% to 3 M -- 50% to \$5 M	(57.8)				
	100% of tax up to \$3 M of TCA	(40.0)				

		Tax Year 2024			
		\$ Millions			
Increases	Increase 0.57% Tax Rate		0.62%	119.8	
			0.72%	359.5	
		0.62% for Commercial Activity Over \$10 M	84.3		Create 2-tiered rate structure
		0.62% for Commercial Activity Over \$100 M	38.3		Create 2-tiered rate structure
	Decrease 35% Subtraction		to 30%	60.7	
			to 25%	121.7	
		to 30% for Commercial Activity Over \$100 M	29.4		Create 2-tiered subtraction rate
	Increase \$250 Minimum Tax		to \$500	5.6	
		to \$1,000 above \$5M Commercial Activity	4.8		
	Eliminate Commercial Activity Threshold for large businesses				
	Eliminate \$1M threshold Over \$50M Comm. Activity	4.2			
Max labor subtraction per employee to \$125K (from 500K)			4.8		
Reduce Transfer to State School Fund from CAT Receipts					
	5% Percent of 2023-25 Transfer	35.1			