Blue Proposal

1. Eliminate corporate income tax
   a. Retain current tax structure for financial sector
2. Eliminate state sales tax
3. Business Net Receipts Tax
   a. Transition to include two years of "information filings", to get administration in order
   b. Needed rulemaking authority to fill in details
   c. Exemption (zero bracket) for small businesses [TBD]
   d. Not applicable to banks, etc.
4. Coordination of Local Sales Tax and Business Net Receipts Tax
   a. Small businesses have option of paying sales tax or NRT, with NRT going to the locality.
   b. Large firms pay an additional "local" NRT [LNRT] calculated by regulation to be as equal as possible to what would have been paid in sales tax.
   c. Prospectively, localities adopting local sales tax would also be imposing a corresponding LNRT, as computed by state tax authorities
5. Personal Income Tax remains the same as at present, except:
   a. Revenue from taxation of capital gains would be divided roughly in three:
   b. One-third of the moving five-year average receipts would go to General Fund
   c. One half of the balance could be used for one-time expenditures, such as debt reduction or pension liability prepayment
   d. One-half of the balance for Rainy Day Fund.
6. Fuel Tax:
   a. Revenue could be used to reduce PIT for low and moderate income taxpayers as partial offset to regressivity of the Fuel Tax,
   b. Or, drop this option because it will have negligible impact on climate change, and is otherwise inferior to NRT as a revenue source.

Option A: reduce top marginal rate by 1%; What distributional and revenue impact?

Option B: Put an investment tax credit (not just a "deduction") in the NRT

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