

# Comparing the Effects of Single Sales Factor Apportionment

vs.

# Removing the 3-Year Economic Life Requirement for Manufacturers

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*UTAH TAX REVIEW COMMISSION*



# Corporate Factor Apportionment

## Apportionable Income Factors

### 1 Property Factor

	Column A Inside Utah	Column B Inside and Outside Utah
a Land	• 1a	•
b Depreciable assets	• 1b	•
c Inventory and supplies	• 1c	•
d Rented property	• 1d	•
e Other tangible property	• 1e	•
f Total tangible property - add lines 1a through 1e	• 1f	•

2 Property factor - divide line 1f, Column A, by line 1f, Column B (to six decimal places)

• 2

### 3 Payroll Factor

a Total wages, salaries, commissions and other compensation	• 3a	•
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4 Payroll factor - divide line 3a, Column A, by line 3a, Column B (to six decimal places)

• 4

### 5 Sales Factor

a Total sales (gross receipts less returns and allowances)		• 5a
b Sales delivered or shipped to Utah buyers from outside Utah	• 5b	
c Sales delivered or shipped to Utah buyers from within Utah	• 5c	
d Sales shipped from Utah to the United States government	• 5d	
e Sales shipped from Utah to buyers in states where the corp. has no nexus (corporation not taxable in buyer's state)	• 5e	
f Rent and royalty income	• 5f	•
g Service income (attach schedule)	• 5g	•
h Total sales and services (add lines 5a through 5g)	• 5h	•

6 Sales factor - line 5h, Column A, divided by line 5h, Column B (to six decimals)

• 6

► 7 All entities - enter your NAICS code here

• 7

**Sales Factor Weighted Taxpayers complete only Part 3 below (see instructions). All others complete Part 1, or Part 2 if electing to double-weight the sales factor.**

Note: Complete Part 3 below if more than 50 percent of your total sales everywhere are from economic activities defined in NAICS codes that DO NOT begin with 21, 2212, 31, 32, 33, 48, 49, 51 (except Subsector 519) or 52. (For unitary groups, this must be for your sales everywhere by all members of the unitary group.)

### Part 1: Equally-weighted Three Factor Formula Election

8 Total factors - add lines 2, 4 and 6

8

9 Calculate the Apportionment Fraction to SIX DECIMALS  
Divide line 8 by 3 (or the number of factors present)

• 9

### Part 2: Double-weighted Sales Factor Formula Election

10 Enter "X" if electing the double-weighted sales factor

• 10

11 Double sales factor - multiply line 6 by 2

11

12 Total factors - add lines 2, 4 and 11

12

13 Calculate the Apportionment Fraction to SIX DECIMALS  
Divide line 12 by 4 (or the number of factors present, counting the sales factor twice)

• 13

### Part 3: Sales Factor Weighted Taxpayers Only (see instructions below for those who qualify)\*

14 Apportionment Fraction - enter the six-decimal sales factor from line 6

• 14

Enter the fraction from line 9, line 13 or line 14, above, as follows:

TC-20 filers: Enter on TC-20, Schedule A, line 12

TC-20S filers: Enter on TC-20S, Schedule A, line 11

TC-20MC filers: Enter on TC-20MC, Schedule A, where indicated

TC-65 filers: Enter on TC-65, Schedule A, line 14

\* A Sales Factor Weighted Taxpayer is a taxpayer having greater than 50 percent of total sales everywhere generated by economic activities performed by the taxpayer, and classified in any NAICS code except those in sections 21, 2212, 31, 32, 33, 48, 49, 51 (except Subsector 519) or 52. See Schedule J instructions for more information.

# 3-Year Economic Life Limit on Sales Tax Exemption

THIS RETURN MUST BE FILED, EVEN IF NO TAX IS DUE.

	<input type="checkbox"/>	Check here to close your account.
1. Total sales of goods and services	• 1	<input type="text"/>
2. Exempt sales included in line 1	• 2	<input type="text"/>
3. Taxable sales (line 1 minus line 2)	3	<input type="text"/>
4. Goods purchased tax free and used by you	• 4	<input type="text"/>
5. Total taxable amounts (line 3 plus line 4)	5	<input type="text"/>
6. Adjustments (attach explanation showing figures)	• 6	<input type="text"/>
7. Net taxable sales and purchases (line 5 plus or minus line 6)	• 7	<input type="text"/>
8. Tax calculation		
a. Non-food and prepared food sales (enter total from Schedules A, J & X)	• 8a	<input type="text"/>
b. Grocery food sales, not including prepared food (enter total tax from Schedules AG & JG)	• 8b	<input type="text"/>
9. Total tax (line 8a plus line 8b)	• 9	<input type="text"/>
10. Residential fuels included in line 7 \$ <input type="text"/> X .0270	• 10	<input type="text"/>
11. Total state and local taxes due (line 9 minus line 10)	• 11	<input type="text"/>
12. Seller discount, for monthly filers only (line 11 x .0131)	12	<input type="text"/>
13. Additional grocery food seller discount, for monthly filers only (line 8b x .0127)	13	<input type="text"/>
14. NET TAX DUE (line 11 minus line 12, minus line 13)	• 14	<input type="text"/>

## Sales and Use Tax Exemptions

Utah law provides some exemptions from sales and use tax. See Utah Code §59-12-104 for more information.

## Use-Based Exemptions

A use-based exemption is determined by the buyer's use of the product.

The following are exempt:

- Purchases or leases of machinery and equipment and repair or replacement parts with an economic life of three or more years that are used in a cogeneration facility (see Utah Code §54-2-1), or a qualified manufacturer or scrap recycler (see Standard Industrial Classification Manual (SIC) classification 2000-3999).
- Purchases or leases of machinery, equipment or parts with an economic life of three or more years that are used in a mining production process or in research and development, by a business described in NAICS 212, Mining (except Oil and Gas) or NAICS 213113, Support Activities for Coal Mining.

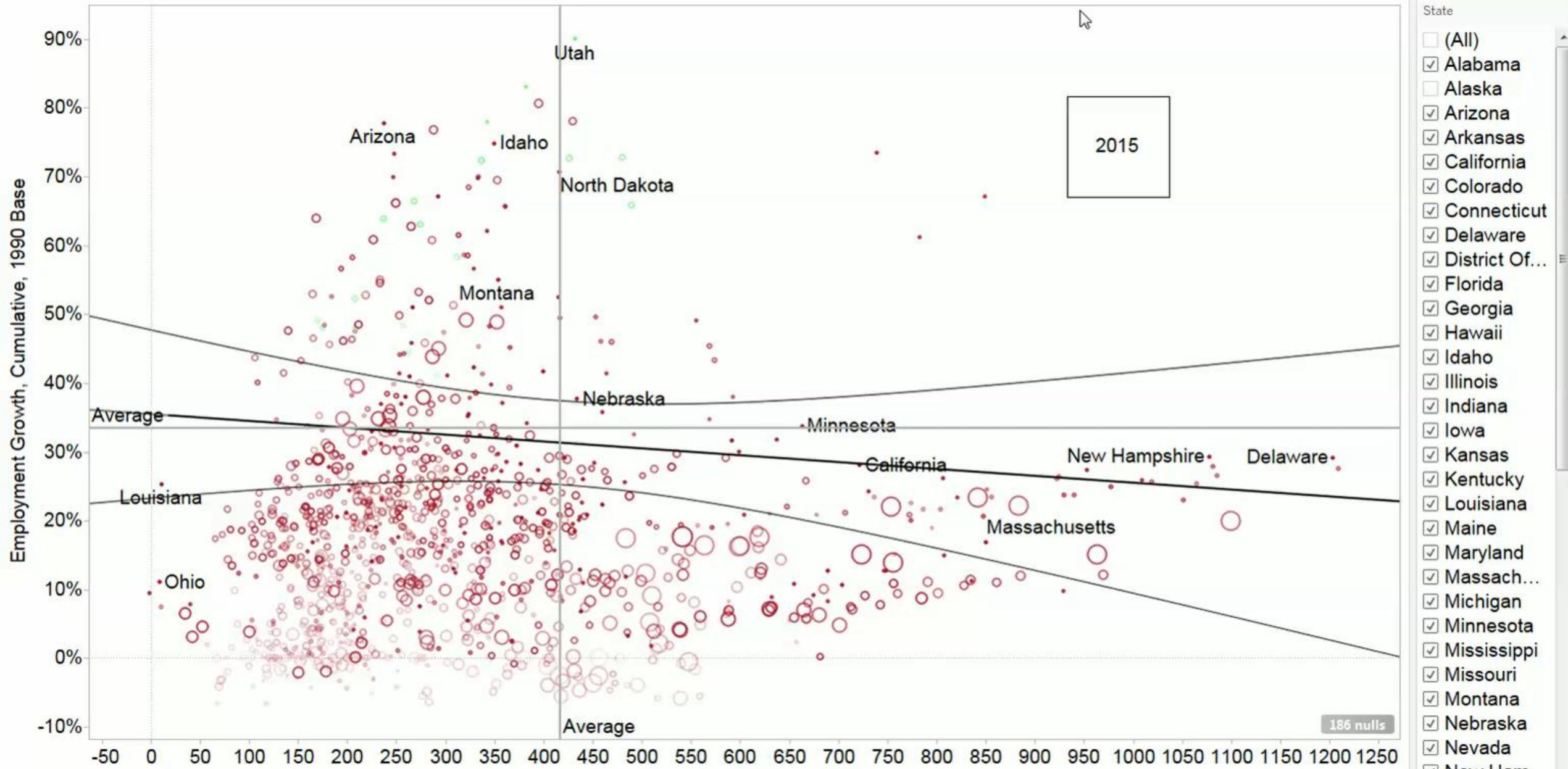
# Initial Years' Accounting of the Possible Fiscal Impact

Mandatory & Optional Single Sales, Static Note, FY 2018				
NAICS2	NAICS Description	N	Currently Excluded Industries	All Entities
			Mandatory Single Sales	Optional Single Sales
11	Agriculture, Forestry, and Fishing	743	-	(8,521)
21	Mining	1,584	(3,460,754)	(9,937,031)
22	Utilities	95	-	(37,895)
23	Construction	10,417	-	(618,254)
31	Manufacturing	630	3,174,310	(984,819)
32	Manufacturing	1,216	(2,960,145)	(5,901,122)
33	Manufacturing	3,157	(5,437,408)	(19,391,521)
42	Wholesale Trade	4,821	-	(11,267,260)
44	Retail Trade	3,772	-	(2,155,923)
45	Retail Trade	3,190	-	(1,645,683)
48	Transportation & Warehousing	2,155	384,234	(1,576,132)
49	Transportation & Warehousing	228	80,094	(96,415)
51	Information	2,325	(6,165,456)	(20,048,015)
52	Finance & Insurance	9,611	1,837,420	(26,460,939)
53	Real Estate & Rental & Leasing	9,578	-	(2,087,137)
54	Professional, Scientific, & Technical Svcs.	13,325	-	(16,121,571)
55	Management of Companies & Enterprises	2,166	-	(5,812,355)
56	Admin. Support & Waste Management	4,187	-	(2,795,019)
61	Education	832	-	(69,297)
62	Health Care & Social Assistance	5,778	-	(836,510)
71	Arts, Entertainment, & Recreation	1,240	-	(59,258)
72	Accommodation & Food Services	3,014	-	(401,326)
81	Other Svcs.	3,749	-	(169,982)
99	Unknown	44,730	-	(47,223)
TOTAL		132,543	(12,547,705)	(128,529,209)

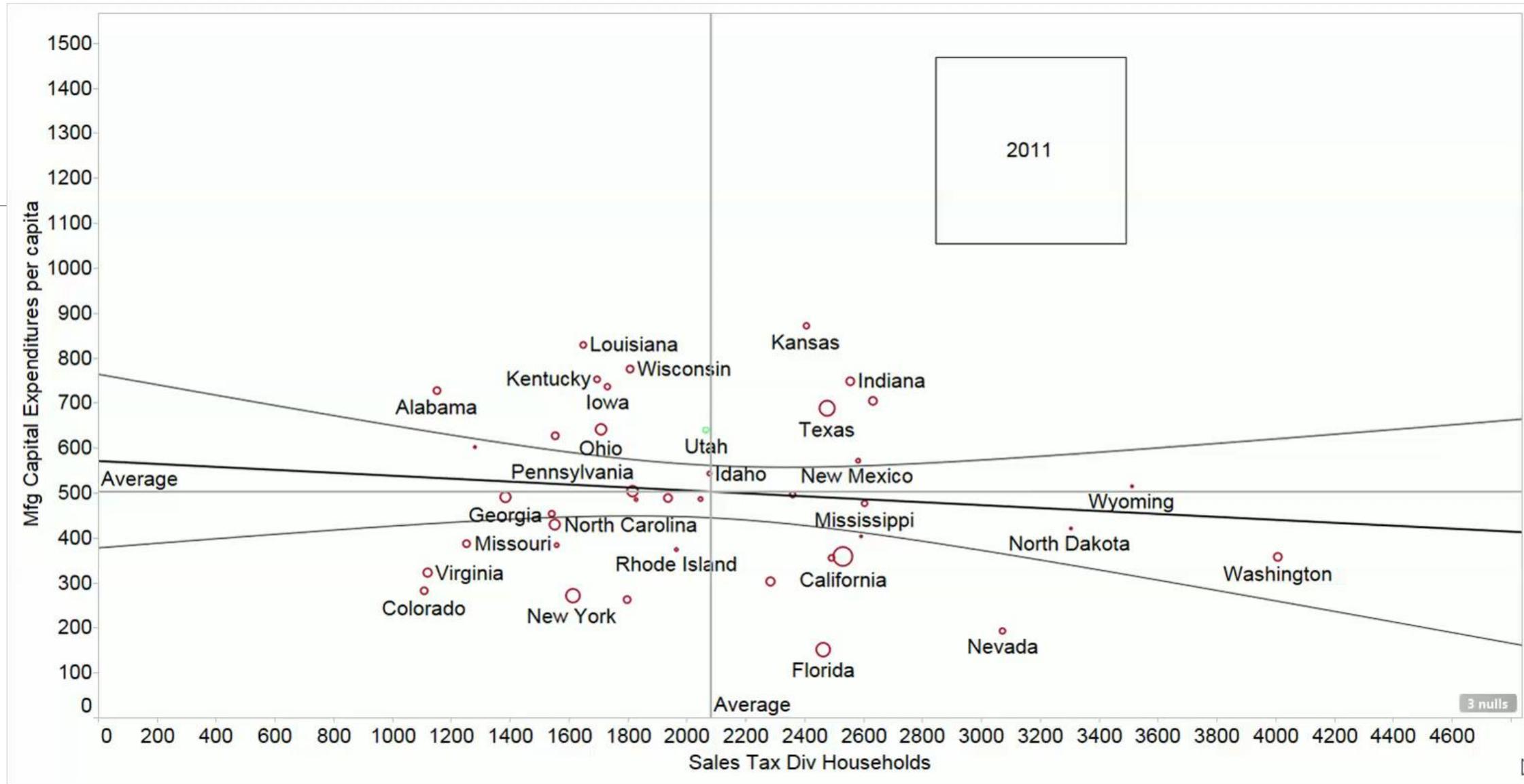
## Sales Tax Exemption, Potential Static Accounting of Revenue Impact by Eliminating 3-Year Threshold, FY 2017

Manufacturers	(\$43,890,594)
Mining	(\$12,878,818)
Web Search Portal	(\$36,902)

# Corporate Tax and Employment Growth



# Manufacturing Equipment Purchases and Sales Tax





# Assumptions-based Analysis, Mfg Exemption

Forecast Name

Baseline

Run Years

Run forecast from 2014 to 2060

Policy Variable Inputs			Notes
Active	Edit	Category	
<input checked="" type="checkbox"/>		Composite (1 PV-s)	State government spending (mfg)
<input checked="" type="checkbox"/>		Composite (1 PV-s)	Mining Sales tax exemption
<input checked="" type="checkbox"/>		Composite (1 PV-s)	State government spending (mining)
<input checked="" type="checkbox"/>		Composite (19 PV-s)	Manufacturing Exemption (simple assumption)

# Assumptions-based Analysis, Optional Single Sales

Forecast Name:

Baseline:

Run Years:

Run forecast from 2014 to 2060

Policy Variable Inputs			Notes
Active	Edit	Category	
<input checked="" type="checkbox"/>		Composite (66 PV-s)	Optional Single Sales
<input checked="" type="checkbox"/>		Composite (1 PV-s)	State government spending



## DYNAMIC FISCAL ANALYSIS

Sales Tax Exemption for Manufacturing and Mining Purchases with an Econ. Life of Less Than 3 Years  
 2016 General Session  
 Sales Tax Exemption Amendments  
 by No sponsor



STATIC IMPACT (See fiscal note for details)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund <sup>1</sup>	-\$56,770,000	-\$58,470,000	-\$60,220,000	-\$62,030,000	-\$63,890,000		-\$74,070,000
Education Fund							
<b>Total</b>	<b>-\$56,770,000</b>	<b>-\$58,470,000</b>	<b>-\$60,220,000</b>	<b>-\$62,030,000</b>	<b>-\$63,890,000</b>		<b>-\$74,070,000</b>

### SCENARIO I: DO NOTHING

Do not make the tax policy change proposed by this bill, do not spend proceeds on government programs, deposit money in reserve.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	\$1,029,200	\$1,622,500	\$1,833,700	\$1,888,800	\$1,945,500		\$2,148,000
Education Fund							
<b>Total</b>	<b>\$1,029,200</b>	<b>\$1,622,500</b>	<b>\$1,833,700</b>	<b>\$1,888,800</b>	<b>\$1,945,500</b>		<b>\$2,148,000</b>
Diff From Static	\$57,799,200	\$60,092,500	\$62,053,700	\$63,918,800	\$65,835,500		\$76,218,000
Jobs	0	0	0	0	0		0
Wages (millions)	\$0	\$0	\$0	\$0	\$0		\$0
Gross Domestic Product (GDP) (millions)	\$0	\$0	\$0	\$0	\$0		\$0

## SCENARIO 2: GOVERNMENT SPENDING

Do not make the tax policy change proposed by this bill but spend collections on government programs. The multiplier is about 0.84. Commonly estimated government spending multipliers ( $\Delta\text{GDP}/(\Delta\text{Government Spending})$ ) range from 0.7 to 1.3. The multiplier value depends upon economic conditions, interest rates, expected tax policy, geographic region, past and expected government spending policy, and various other assumptions. The multiplier is on the lower end currently because of higher expected interest rates and strong economic conditions (unemployment rate in Utah is 3.9%). The dynamic revenue stems from the revenue connected with state government spending.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	-\$56,103,500	-\$57,692,500	-\$59,349,900	-\$61,104,400	-\$62,908,800		-\$72,922,200
Education Fund	\$1,115,500	\$1,301,500	\$1,456,400	\$1,549,400	\$1,642,300		\$1,921,200
<b>Total</b>	<b>-\$54,988,000</b>	<b>-\$56,391,000</b>	<b>-\$57,893,500</b>	<b>-\$59,555,000</b>	<b>-\$61,266,500</b>		<b>-\$71,001,000</b>
<b>Diff From Static</b>	<b>\$1,782,000</b>	<b>\$2,079,000</b>	<b>\$2,326,500</b>	<b>\$2,475,000</b>	<b>\$2,623,500</b>		<b>\$3,069,000</b>
Jobs	666	689	702	700	689		617
Wages (millions)	\$36.0	\$42.0	\$47.0	\$50.0	\$53.0		\$62.0
Gross Domestic Product (GDP) (millions)	\$49.0	\$53.0	\$56.0	\$58.0	\$59.0		\$61.0

## SCENARIO 3: MARGINAL BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Manufacturing and mining companies treat the tax reduction as a cost savings and reinvest the savings in production/output.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	-\$56,381,200	-\$57,822,000	-\$59,349,900	-\$60,956,200	-\$62,631,100		-\$72,070,600
Education Fund	\$650,700	\$1,084,500	\$1,456,400	\$1,797,200	\$2,107,100		\$3,346,600
<b>Total</b>	<b>-\$55,730,500</b>	<b>-\$56,737,500</b>	<b>-\$57,893,500</b>	<b>-\$59,159,000</b>	<b>-\$60,524,000</b>		<b>-\$68,724,000</b>
<b>Diff From Static</b>	<b>\$1,039,500</b>	<b>\$1,732,500</b>	<b>\$2,326,500</b>	<b>\$2,871,000</b>	<b>\$3,366,000</b>		<b>\$5,346,000</b>
Jobs	396	572	713	819	899		1,067
Wages (millions)	\$21.0	\$35.0	\$47.0	\$58.0	\$68.0		\$108.0
Gross Domestic Product (GDP) (millions)	\$36.0	\$56.0	\$74.0	\$90.0	\$104.0		\$157.0

## SCENARIO 4: STRONG BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Manufacturing and mining companies treat the tax reduction as a cost savings, plus savings induces outside investment and employment. The presumed employment shifting is 750 employees of manufacturing and mining companies in 2017 and growing thereafter.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	-\$52,160,300	-\$50,972,200	-\$51,000,500	-\$51,311,000	-\$51,801,000		-\$55,371,900
Education Fund	\$7,715,800	\$12,549,700	\$15,431,500	\$17,941,500	\$20,234,500		\$31,296,900
<b>Total</b>	<b>-\$44,444,500</b>	<b>-\$38,422,500</b>	<b>-\$35,569,000</b>	<b>-\$33,369,500</b>	<b>-\$31,566,500</b>		<b>-\$24,075,000</b>
<b>Diff From Static</b>	<b>\$12,325,500</b>	<b>\$20,047,500</b>	<b>\$24,651,000</b>	<b>\$28,660,500</b>	<b>\$32,323,500</b>		<b>\$49,995,000</b>
Jobs	3,948	5,952	6,807	7,392	7,809		9,196
Wages (millions)	\$249.0	\$405.0	\$498.0	\$579.0	\$653.0		\$1,010.0
Gross Domestic Product (GDP) (millions)	\$522.0	\$793.0	\$922.0	\$1,034.0	\$1,137.0		\$1,686.0

<sup>1</sup> Used throughout this note, General Fund includes sales tax earmarks

# Outside Analysis

manufactur~l	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
incentived~d	.0080836	.004086	1.98	0.048	.0000564	.0161108
incentivem~e	-.0039174	.0038032	-1.03	0.303	-.0113889	.0035541
incentivei~d	.0218981	.0110256	1.99	0.048	.0002377	.0435584
stateminim~e	.0169465	.0043285	3.92	0.000	.0084429	.0254501
smallbusin~d	-.000091	.0000333	-2.73	0.007	-.0001564	-.0000255
unionmembe~p	.0012902	.00039	3.31	0.001	.000524	.0020564
salestaxdi~t	-9.48e-06	3.99e-06	-2.38	0.018	-.0000173	-1.64e-06
temperature	.0005776	.0002987	1.93	0.054	-9.24e-06	.0011644
housingcosts	-.0003125	.0000393	-7.95	0.000	-.0003896	-.0002353
educationa~t	-.0006439	.0005099	-1.26	0.207	-.0016456	.0003579
wageinflat~n	.003928	.0018185	2.16	0.031	.0003555	.0075005
naturalgas~e	-.0008457	.0009752	-0.87	0.386	-.0027615	.0010701
_cons	.1170255	.0259409	4.51	0.000	.0660633	.1679876

# Optional Single Sales



## DYNAMIC FISCAL ANALYSIS

HB0061

2016 General Session

Corporate Franchise and Income Tax Changes

by John Knotwell



STATIC IMPACT (See fiscal note for details)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund							
Education Fund	-\$131,731,000	-\$138,317,000	-\$145,232,900	-\$152,494,500	-\$160,119,200		-\$204,357,200
<b>Total</b>	<b>-\$131,731,000</b>	<b>-\$138,317,000</b>	<b>-\$145,232,900</b>	<b>-\$152,494,500</b>	<b>-\$160,119,200</b>		<b>-\$204,357,200</b>

### SCENARIO I: DO NOTHING

Do not make the tax policy change proposed by this bill, do not spend proceeds on government programs, deposit money in reserve.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund							
Education Fund	\$2,387,900	\$3,838,100	\$4,422,700	\$4,643,800	\$4,876,000		\$5,926,800
<b>Total</b>	<b>\$2,387,900</b>	<b>\$3,838,100</b>	<b>\$4,422,700</b>	<b>\$4,643,800</b>	<b>\$4,876,000</b>		<b>\$5,926,800</b>
<b>Diff From Static</b>	<b>\$134,118,900</b>	<b>\$142,155,100</b>	<b>\$149,655,600</b>	<b>\$157,138,300</b>	<b>\$164,995,200</b>		<b>\$210,284,000</b>
Jobs	0	0	0	0	0		0
Wages (millions)	\$0	\$0	\$0	\$0	\$0		\$0
Gross Domestic Product (GDP) (millions)	\$0	\$0	\$0	\$0	\$0		\$0

# Optional Single Sales

## SCENARIO 2: GOVERNMENT SPENDING

Do not make the tax policy change proposed by this bill but spend collections on government programs. The multiplier is 0.84. Commonly estimated government spending multipliers ( $\Delta\text{GDP}/(\Delta\text{Government Spending})$ ) range from 0.7 to 1.3. The multiplier value depends upon economic conditions, interest rates, expected tax policy, geographic region, past and expected government spending policy, and various other assumptions. The multiplier is on the lower end currently because of higher expected interest rates and strong economic conditions (unemployment rate in Utah is 3.5%). The dynamic revenue stems from the revenue connected with state government spending.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	\$2,034,800	\$2,293,800	\$2,497,300	\$2,645,200	\$2,774,700		\$3,348,200
Education Fund	-\$128,320,800	-\$134,472,800	-\$141,047,700	-\$148,061,200	-\$155,468,900		-\$198,746,000
Total	-\$126,286,000	-\$132,179,000	-\$138,550,400	-\$145,416,000	-\$152,694,200		-\$195,397,800
Diff From Static	\$5,445,000	\$6,138,000	\$6,682,500	\$7,078,500	\$7,425,000		\$8,959,400
Jobs	1,496	1,619	1,696	1,740	1,764		1,842
Wages (millions)	\$82	\$99	\$112	\$124	\$134		\$181
Gross Domestic Product (GDP) (millions)	\$110	\$124	\$135	\$143	\$150		\$181

## SCENARIO 3: MARGINAL BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Private sector treats tax cut as cost reduction and reinvests savings in production/output.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	\$1,362,800	\$2,133,100	\$2,824,300	\$3,436,600	\$3,989,600		\$6,221,400
Education Fund	-\$129,678,300	-\$135,104,100	-\$140,978,700	-\$147,318,100	-\$154,109,800		-\$194,986,200
<b>Total</b>	<b>-\$128,315,500</b>	<b>-\$132,971,000</b>	<b>-\$138,154,400</b>	<b>-\$143,881,500</b>	<b>-\$150,120,200</b>		<b>-\$188,764,800</b>
<b>Diff From Static</b>	<b>\$3,415,500</b>	<b>\$5,346,000</b>	<b>\$7,078,500</b>	<b>\$8,613,000</b>	<b>\$9,999,000</b>		<b>\$15,592,400</b>
Jobs	1,353	1,870	2,260	2,549	2,760		3,234
Wages (millions)	\$69	\$108	\$143	\$174	\$202		\$315
Gross Domestic Product (GDP) (millions)	\$116	\$171	\$219	\$260	\$296		\$438

## SCENARIO 4: STRONG BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Private sector treats tax cut as cost reduction which induces businesses to invest savings plus additional \$110M (2017) | \$1.4B (2026) from other sources in production/output.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	\$8,117,500	\$14,121,600	\$21,607,000	\$27,551,900	\$33,931,400		\$83,742,100
Education Fund	-\$119,504,000	-\$117,046,100	-\$112,686,900	-\$110,993,900	-\$109,009,600		-\$78,219,300
<b>Total</b>	<b>-\$111,386,500</b>	<b>-\$102,924,500</b>	<b>-\$91,079,900</b>	<b>-\$83,442,000</b>	<b>-\$75,078,200</b>		<b>\$5,522,800</b>
<b>Diff From Static</b>	<b>\$20,344,500</b>	<b>\$35,392,500</b>	<b>\$54,153,000</b>	<b>\$69,052,500</b>	<b>\$85,041,000</b>		<b>\$209,880,000</b>
Jobs	7,320	11,627	16,587	19,677	22,741		43,500
Wages (millions)	\$411	\$715	\$1,094	\$1,395	\$1,718		\$4,240
Gross Domestic Product (GDP) (millions)	\$798	\$1,311	\$1,954	\$2,406	\$2,903		\$6,981

# SUMMARY COMPARISON

## SALES TAX EXEMPTION, MFG./MINING

## OPTIONAL SINGLE SALES

### SCENARIO 3: MARGINAL BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Manufacturing and mining companies treat the tax reduction as a cost savings and reinvest the savings in production/output.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	-\$56,381,200	-\$57,822,000	-\$59,349,900	-\$60,956,200	-\$62,631,100		-\$72,070,600
Education Fund	\$650,700	\$1,084,500	\$1,456,400	\$1,797,200	\$2,107,100		\$3,346,600
Total	-\$55,730,500	-\$56,737,500	-\$57,893,500	-\$59,159,000	-\$60,524,000		-\$68,724,000
<b>Diff From Static</b>	<b>\$1,039,500</b>	<b>\$1,732,500</b>	<b>\$2,326,500</b>	<b>\$2,871,000</b>	<b>\$3,366,000</b>		<b>\$5,346,000</b>
Jobs	396	572	713	819	899		1,067
Wages (millions)	\$21.0	\$35.0	\$47.0	\$58.0	\$68.0		\$108.0
Gross Domestic Product (GDP) (millions)	\$36.0	\$56.0	\$74.0	\$90.0	\$104.0		\$157.0

### SCENARIO 4: STRONG BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Manufacturing and mining companies treat the tax reduction as a cost savings, plus savings induces outside investment and employment. The presumed employment shifting is 750 employees of manufacturing and mining companies in 2017 and growing thereafter.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	-\$52,160,300	-\$50,972,200	-\$51,000,500	-\$51,311,000	-\$51,801,000		-\$55,371,900
Education Fund	\$7,715,800	\$12,549,700	\$15,431,500	\$17,941,500	\$20,234,500		\$31,296,900
Total	-\$44,444,500	-\$38,422,500	-\$35,569,000	-\$33,369,500	-\$31,566,500		-\$24,075,000
<b>Diff From Static</b>	<b>\$12,325,500</b>	<b>\$20,047,500</b>	<b>\$24,651,000</b>	<b>\$28,660,500</b>	<b>\$32,323,500</b>		<b>\$49,995,000</b>
Jobs	3,948	5,952	6,807	7,392	7,809		9,196
Wages (millions)	\$249.0	\$405.0	\$498.0	\$579.0	\$653.0		\$1,010.0
Gross Domestic Product (GDP) (millions)	\$522.0	\$793.0	\$922.0	\$1,034.0	\$1,137.0		\$1,686.0

Used throughout this note, General Fund includes sales tax earmarks

### SCENARIO 3: MARGINAL BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Private sector treats tax cut as cost reduction and reinvests savings in production/output.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	\$1,362,800	\$2,133,100	\$2,824,300	\$3,436,600	\$3,989,600		\$6,221,400
Education Fund	-\$129,678,300	-\$135,104,100	-\$140,978,700	-\$147,318,100	-\$154,109,800		-\$194,986,200
Total	-\$128,315,500	-\$132,971,000	-\$138,154,400	-\$143,881,500	-\$150,120,200		-\$188,764,800
<b>Diff From Static</b>	<b>\$3,415,500</b>	<b>\$5,346,000</b>	<b>\$7,078,500</b>	<b>\$8,613,000</b>	<b>\$9,999,000</b>		<b>\$15,592,400</b>
Jobs	1,353	1,870	2,260	2,549	2,760		3,234
Wages (millions)	\$69	\$108	\$143	\$174	\$202		\$315
Gross Domestic Product (GDP) (millions)	\$116	\$171	\$219	\$260	\$296		\$438

### SCENARIO 4: STRONG BUSINESS RESPONSE

Make tax policy change proposed by this bill. Do not spend on government programs. Private sector treats tax cut as cost reduction which induces businesses to invest savings plus additional \$110M (2017) | \$1.4B (2026) from other sources in production/output.

Dynamic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	...	FY 2026
General Fund	\$8,117,500	\$14,121,600	\$21,607,000	\$27,551,900	\$33,931,400		\$83,742,100
Education Fund	-\$119,504,000	-\$117,046,100	-\$112,686,900	-\$110,993,900	-\$109,009,600		-\$78,219,300
Total	-\$111,386,500	-\$102,924,500	-\$91,079,900	-\$83,442,000	-\$75,078,200		\$5,522,800
<b>Diff From Static</b>	<b>\$20,344,500</b>	<b>\$35,392,500</b>	<b>\$54,153,000</b>	<b>\$69,052,500</b>	<b>\$85,041,000</b>		<b>\$209,880,000</b>
Jobs	7,320	11,627	16,587	19,677	22,741		43,500
Wages (millions)	\$411	\$715	\$1,094	\$1,395	\$1,718		\$4,240
Gross Domestic Product (GDP) (millions)	\$798	\$1,311	\$1,954	\$2,406	\$2,903		\$6,981