

HOUSE REPUBLICAN OREGON STABILITY AND INVESTMENT PLAN

Effect on 2007-2009 Biennium

	Proposal	Revenue Impact 07-09	Source
Revenue Reductions			
	Create Rainy Day Fund (proceeds from Corporate Kicker suspension plus 1% of General Fund as of 12/06 forecast)	(\$365.9 million)	LRO Forecast Summary 12/06
	Increase estate tax exemption from \$1 million to \$2 million effective 1/1/2007	(\$42.7 million)	LRO estimate
	Reduce personal capital gains tax rate from 9% to 7% and corporate capital gains tax rate from 6.6% to 5% effective 1/1/2007	(\$214 million)	LRO estimate
Total Reductions		(\$622.6 million)	
Revenue Sources			
	Suspend 2007 Corporate Kicker for C-corporations with taxable income greater than \$500,000	\$239.9 million	LRO Research Report #2-07
	Restructure Minimum Tax on C-corporations on a graduated scale (see attached)	\$152.7 million	LRO estimate
Total New Revenue		\$392.6 million	
Net Impact on 07-09 General Fund		(\$230 million)	

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Effect on 2009-2011 Biennium

	Proposal	Revenue Impact 09-11	Source
Revenue Reductions			
	1% of General Fund into Rainy Day Fund	(\$155.5 million)	LRO Forecast Summary 12/06
	Estate tax exemption at \$2 million	(\$46.0 million)	LRO estimate
	Personal capital gains tax rate at 7% and corporate capital gains tax rate at 5%	(\$255 million)	LRO estimate
	Total Reductions	(\$456.5 million)	
Revenue Sources			
	Refer to voters for 2008 approval permanent “suspension” of corporate kicker; any future surplus added to rainy day fund	Unknown (\$58.6 million average over 14 biennia)	LRO Research Report # 2-07
	Restructure Minimum Tax on C-corporations on a graduated scale (see attached)	\$151.2 million	LRO estimate
	Total New Revenue	\$151.2 million	
	Net Impact on 09-11 General Fund	(\$305.3 million)* *maximum impact (would be offset by any future corporate kicker surplus)	

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Corporate Minimum Tax Restructuring Proposal

Oregon Sales (annual)	Corporate Minimum Tax
\$0-50,000	\$25
\$50,001-100,000	\$75
\$100,001-250,000	\$250
\$250,001-500,000	\$500
\$500,001-1,000,000	\$1,000
\$1,000,001-5,000,000	\$2,500
\$5,000,001-10,000,000	\$10,000
\$10,000,001-25,000,000	\$25,000
Over \$25,000,000	\$50,000

Annual Revenue Impacts (\$M)			
Fiscal Year	C-Corp	S-Corp	TOTAL
2007-08	\$76.6	\$0	\$76.6
2008-09	\$76.2	\$0	\$76.2
2009-10	\$75.8	\$0	\$75.8
2010-11	\$75.4	\$0	\$75.4
Biennial Revenue Impacts (\$M)			
2007-09 Biennium	\$152.7	\$0	\$152.7
2009-11 Biennium	\$151.2	\$0	\$151.2
Source: LRO			