

Commercial Activities Tax (CAT): Option 1

1. COMMERCIAL ACTIVITIES TAX(1-1-20)

Flat rate of 0.37%

Exempts petroleum and medical provider taxpayers

Applies to all entity types

Includes finance and insurance

Filing threshold of \$150,000 in receipts

\$250 tax if receipts are less than \$1 million

Rates applied to receipts above \$1 million

2. REDUCED PERSONAL INCOME TAX RATES (1-1-20)

4.75%, 6.75%, 8.75, 9.9%

	Estimated Revenue Impacts (\$M)			
	2019-21	2021-23	2023-25	2025-27
Commercial Activities Tax	\$ 1,721	\$ 2,652	\$ 2,891	\$ 3,156
Personal Income Tax	\$ (311)	\$ (477)	\$ (521)	\$ (570)
Net Revenue Impact	\$ 1,410	\$ 2,176	\$ 2,370	\$ 2,586

CAT Option 1

(effective 1-1-2020):

3/29/2019

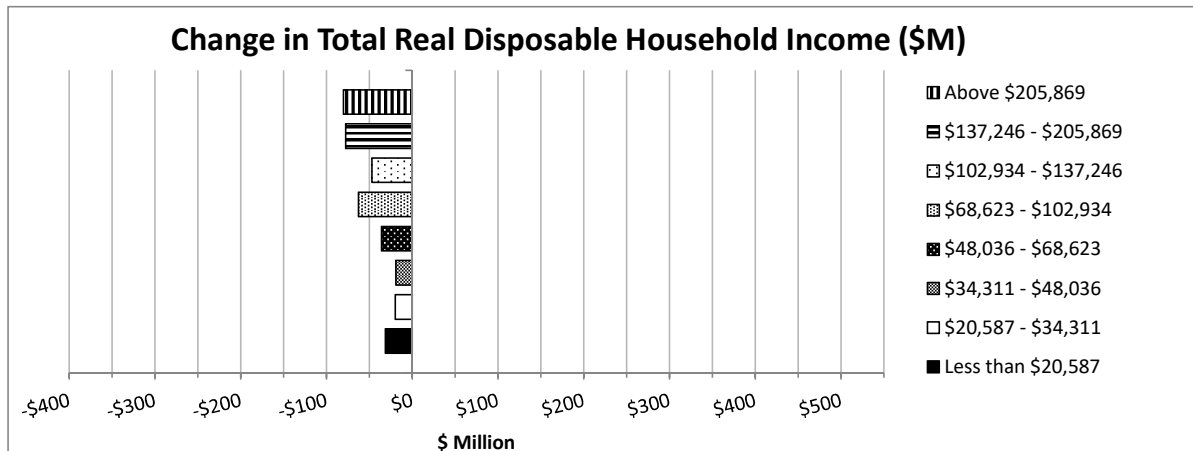
1. Create a Commercial Activities Tax of 0.37% (applied to sales above \$1M)
Exempt: Petroleum and Medical Provider Taxpayers
2. Change PIT rates from 5 / 7 / 9 / 9.9 to 4.75 / 6.75 / 8.75 / 9.9

2020 Levels				
	Baseline	New Equilibrium	Change From Baseline	Percent Change
Private Sector				
Nominal Personal Income (\$M)	\$222,637	\$222,677	+\$39	+0.02%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,446	+\$29	+0.06%
Employment (Thousand)	2,685.0	2,684.3	-0.7	-0.02%
Population (M)	4.330	4.328	-0.002	-0.04%
Investment (\$M)	\$18,554.40	\$18,539.12	-\$15	-0.08%
Wage Index	100.0	100.01	+0.01	+0.01%
Return to Capital	100.0	99.97	-0.03	-0.03%
Price Levels	100.0	100.33	+0.33	+0.33%
Public Sector				
State Spending (\$M)	\$31,491	\$32,484	+\$993	+3.15%
GF Revenue (\$M)	\$9,863.73	\$10,860.85	+\$997	+10.11%
OF Revenue (\$M)	\$21,627.47	\$21,622.88	-\$5	-0.02%
Local Govt Revenue (\$M)	\$19,146.23	\$19,138.00	-\$8	-0.04%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,346.31	-\$94	-0.23%

Static Revenue Impact (\$ Millions)	+\$992
Dynamic Revenue Impact (\$ Millions)	-\$8
Net Revenue Impact (\$ Millions)	+\$984
General Fund Change (\$ Millions)	+\$997
Other Funds Change (\$ Millions)	-\$5
Local Revenue Change (\$ Millions)	-\$8

Total Real Disposable Household Income

	Baseline (\$M)	New Equilibrium (\$M)	Difference (\$M)	% Difference	Change in Number of Hholds	Mean Income Change per HH (\$)
Above \$205,869	\$40,162	\$40,081	-\$80.2	-0.2%	-183	-\$121
\$137,246 - \$205,869	\$35,370	\$35,293	-\$77.7	-0.2%	-234	-\$202
\$102,934 - \$137,246	\$27,547	\$27,500	-\$47.0	-0.2%	-160	-\$138
\$68,623 - \$102,934	\$33,752	\$33,690	-\$62.4	-0.2%	-195	-\$139
\$48,036 - \$68,623	\$22,269	\$22,233	-\$35.6	-0.2%	-27	-\$131
\$34,311 - \$48,036	\$15,070	\$15,051	-\$18.8	-0.1%	112	-\$136
\$20,587 - \$34,311	\$13,191	\$13,171	-\$19.7	-0.1%	106	-\$131
Less than \$20,587	\$11,111	\$11,080	-\$31.1	-0.3%	-121	-\$113
TOTAL	\$198,471	\$198,098	-\$372.5	-0.2%	-701	



CAT Option 1L

(effective 1-1-2020):

3/29/2019

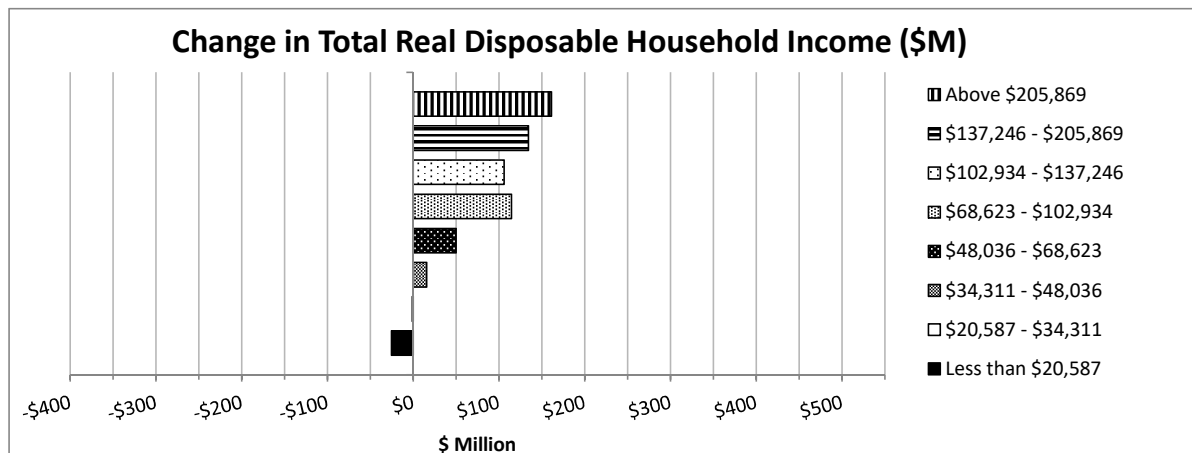
1. Create a Commercial Activities Tax of 0.37% (applied to sales above \$1M)
Exempt: Petroleum and Medical Provider Taxpayers
2. Change PIT rates from 5 / 7 / 9 / 9.9 to 4.75 / 6.75 / 8.75 / 9.9

2020 Levels				
	Baseline	New Equilibrium	Change From Baseline	Percent Change
Private Sector				
Nominal Personal Income (\$M)	\$222,637	\$223,958	+\$1,321	+0.59%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,690	+\$273	+0.53%
Employment (Thousand)	2,685.0	2,688.6	+3.7	+0.14%
Population (M)	4.330	4.333	+0.003	+0.06%
Investment (\$M)	\$18,554.40	\$18,629.53	+\$75	+0.40%
Wage Index	100.0	100.68	+0.68	+0.68%
Return to Capital	100.0	100.12	+0.12	+0.12%
Price Levels	100.0	100.39	+0.39	+0.39%
Public Sector				
State Spending (\$M)	\$31,491	\$32,619	+\$1,128	+3.58%
GF Revenue (\$M)	\$9,863.73	\$10,956.08	+\$1,092	+11.07%
OF Revenue (\$M)	\$21,627.47	\$21,662.97	+\$36	+0.16%
Local Govt Revenue (\$M)	\$19,146.23	\$19,189.28	+\$43	+0.22%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,766.30	+\$326	+0.81%

Static Revenue Impact (\$ Millions)	+\$992
Dynamic Revenue Impact (\$ Millions)	+\$179
Net Revenue Impact (\$ Millions)	+\$1,171
General Fund Change (\$ Millions)	+\$1,092
Other Funds Change (\$ Millions)	+\$36
Local Revenue Change (\$ Millions)	+\$43

Total Real Disposable Household Income

	Baseline (\$M)	New Equilibrium (\$M)	Difference (\$M)	% Difference	Change in Number of Hholds	Mean Income Change per HH (\$)
Above \$205,869	\$40,162	\$40,323	+\$161.3	0.4%	24	\$1,582
\$137,246 - \$205,869	\$35,370	\$35,505	+\$134.5	0.4%	115	\$646
\$102,934 - \$137,246	\$27,547	\$27,652	+\$105.9	0.4%	173	\$439
\$68,623 - \$102,934	\$33,752	\$33,867	+\$114.8	0.3%	323	\$267
\$48,036 - \$68,623	\$22,269	\$22,319	+\$50.2	0.2%	281	\$110
\$34,311 - \$48,036	\$15,070	\$15,085	+\$15.7	0.1%	202	\$8
\$20,587 - \$34,311	\$13,191	\$13,190	-\$0.9	0.0%	147	-\$49
Less than \$20,587	\$11,111	\$11,086	-\$25.2	-0.2%	-121	-\$87
TOTAL	\$198,471	\$199,027	+\$556.2	0.3%	1,142	



Modified Commercial Activities Tax (MCAT): Option 2

1. MODIFIED COMMERCIAL ACTIVITIES TAX(1-1-20)

Flat rate of 0.45%

Exempts petroleum and medical provider taxpayers

25% Deduction for business inputs/labor

Applies to all entity types

Includes finance and insurance

Filing threshold of \$150,000 in receipts

\$250 tax if receipts are less than \$1 million

Rates applied to receipts above \$1 million

2. REDUCED PERSONAL INCOME TAX RATES (1-1-20)

4.75%, 6.75%, 8.75, 9.9%

	Estimated Revenue Impacts (\$M)			
	2019-21	2021-23	2023-25	2025-27
Mod. Commercial Activities Tax	\$ 1,749	\$ 2,696	\$ 2,939	\$ 3,208
Personal Income Tax	\$ (311)	\$ (477)	\$ (521)	\$ (570)
Net Revenue Impact	\$ 1,438	\$ 2,219	\$ 2,418	\$ 2,638

MCAT Option 2

(effective 1-1-2020):

3/29/2019

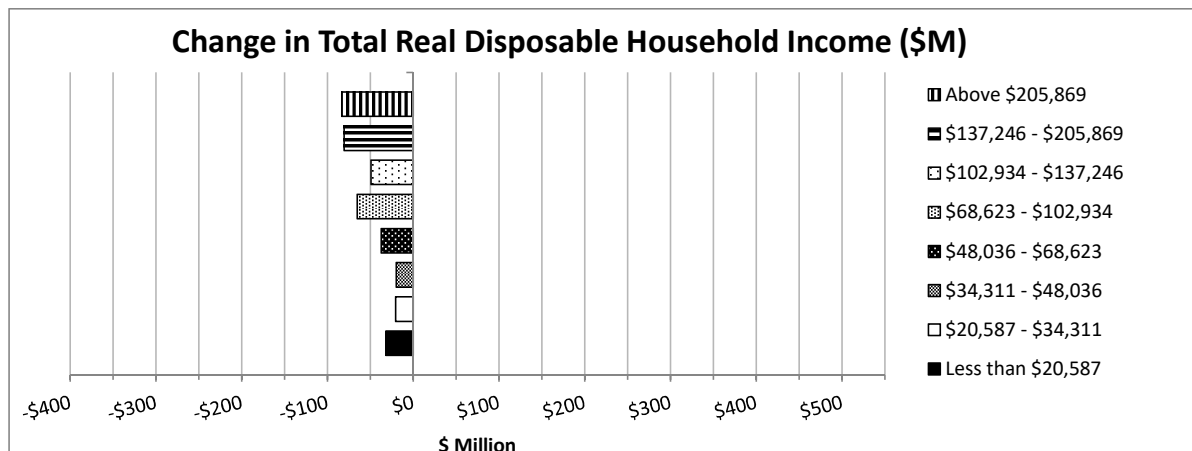
1. Create a Modified Commercial Activities Tax of 0.45% (applied to sales above \$1M)
 Exempt: Petroleum and Medical Provider Taxpayers
 Inputs deduction of 25%
2. Change PIT rates from 5 / 7 / 9 / 9.9 to 4.75 / 6.75 / 8.75 / 9.9

2020 Levels				
	Baseline	New Equilibrium	Change From Baseline	Percent Change
Private Sector				
Nominal Personal Income (\$M)	\$222,637	\$222,667	+\$30	+0.01%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,445	+\$28	+0.05%
Employment (Thousand)	2,685.0	2,684.2	-0.8	-0.03%
Population (M)	4.330	4.328	-0.002	-0.04%
Investment (\$M)	\$18,554.40	\$18,538.03	-\$16	-0.09%
Wage Index	100.0	100.01	+0.01	+0.01%
Return to Capital	100.0	99.97	-0.03	-0.03%
Price Levels	100.0	100.33	+0.33	+0.33%
Public Sector				
State Spending (\$M)	\$31,491	\$32,502	+\$1,011	+3.21%
GF Revenue (\$M)	\$9,863.73	\$10,879.85	+\$1,016	+10.30%
OF Revenue (\$M)	\$21,627.47	\$21,622.50	-\$5	-0.02%
Local Govt Revenue (\$M)	\$19,146.23	\$19,136.96	-\$9	-0.05%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,340.56	-\$100	-0.25%

Static Revenue Impact (\$ Millions)	+\$1,012
Dynamic Revenue Impact (\$ Millions)	-\$10
Net Revenue Impact (\$ Millions)	+\$1,002
General Fund Change (\$ Millions)	+\$1,016
Other Funds Change (\$ Millions)	-\$5
Local Revenue Change (\$ Millions)	-\$9

Total Real Disposable Household Income

	Baseline (\$M)	New Equilibrium (\$M)	Difference (\$M)	% Difference	Change in Number of Holds	Mean Income Change per HH (\$)
Above \$205,869	\$40,162	\$40,078	-\$83.2	-0.2%	-187	-\$137
\$137,246 - \$205,869	\$35,370	\$35,290	-\$80.4	-0.2%	-239	-\$211
\$102,934 - \$137,246	\$27,547	\$27,497	-\$49.1	-0.2%	-166	-\$145
\$68,623 - \$102,934	\$33,752	\$33,687	-\$65.0	-0.2%	-205	-\$145
\$48,036 - \$68,623	\$22,269	\$22,232	-\$37.2	-0.2%	-33	-\$135
\$34,311 - \$48,036	\$15,070	\$15,050	-\$19.6	-0.1%	108	-\$140
\$20,587 - \$34,311	\$13,191	\$13,171	-\$20.3	-0.2%	104	-\$133
Less than \$20,587	\$11,111	\$11,079	-\$31.6	-0.3%	-124	-\$115
TOTAL	\$198,471	\$198,084	-\$386.5	-0.2%	-743	



MCAT Option 2L

(effective 1-1-2020):

3/29/2019

1. Create a Modified Commercial Activities Tax of 0.45% (applied to sales above \$1M)
 Exempt: Petroleum and Medical Provider Taxpayers
 Inputs deduction of 25%
2. Change PIT rates from 5 / 7 / 9 / 9.9 to 4.75 / 6.75 / 8.75 / 9.9

2020 Levels				
	Baseline	New Equilibrium	Change From Baseline	Percent Change
Private Sector				
Nominal Personal Income (\$M)	\$222,637	\$223,969	+\$1,332	+0.60%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,693	+\$276	+0.54%
Employment (Thousand)	2,685.0	2,688.6	+3.6	+0.14%
Population (M)	4.330	4.333	+0.003	+0.06%
Investment (\$M)	\$18,554.40	\$18,629.92	+\$76	+0.41%
Wage Index	100.0	100.68	+0.68	+0.68%
Return to Capital	100.0	100.12	+0.12	+0.12%
Price Levels	100.0	100.40	+0.40	+0.40%
Public Sector				
State Spending (\$M)	\$31,491	\$32,640	+\$1,149	+3.65%
GF Revenue (\$M)	\$9,863.73	\$10,976.72	+\$1,113	+11.28%
OF Revenue (\$M)	\$21,627.47	\$21,663.24	+\$36	+0.17%
Local Govt Revenue (\$M)	\$19,146.23	\$19,189.08	+\$43	+0.22%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,767.43	+\$327	+0.81%

Static Revenue Impact (\$ Millions)	+\$1,012
Dynamic Revenue Impact (\$ Millions)	+\$179
Net Revenue Impact (\$ Millions)	+\$1,192
General Fund Change (\$ Millions)	+\$1,113
Other Funds Change (\$ Millions)	+\$36
Local Revenue Change (\$ Millions)	+\$43

Total Real Disposable Household Income

	Baseline (\$M)	New Equilibrium (\$M)	Difference (\$M)	% Difference	Change in Number of Holds	Mean Income Change per HH (\$)
Above \$205,869	\$40,162	\$40,324	+\$162.2	0.4%	23	\$1,594
\$137,246 - \$205,869	\$35,370	\$35,506	+\$135.3	0.4%	115	\$650
\$102,934 - \$137,246	\$27,547	\$27,653	+\$106.3	0.4%	171	\$442
\$68,623 - \$102,934	\$33,752	\$33,867	+\$115.1	0.3%	322	\$268
\$48,036 - \$68,623	\$22,269	\$22,319	+\$50.1	0.2%	278	\$110
\$34,311 - \$48,036	\$15,070	\$15,085	+\$15.4	0.1%	199	\$8
\$20,587 - \$34,311	\$13,191	\$13,190	-\$1.3	0.0%	145	-\$50
Less than \$20,587	\$11,111	\$11,085	-\$25.7	-0.2%	-124	-\$89
TOTAL	\$198,471	\$199,028	+\$557.3	0.3%	1,130	

