

**Step 1 to Phase-In of Tax Reform Package**

**Reduce the top PIT rate from 6.9% to 6.1% assumed effective 1/1/20**

**Tax years 2020 and after**

**Estimated cost = \$160M; lower net costs due to offsets.**

**Fiscal impact split between FY20 and FY21 (HB1159 of 2017)**

**Associated Factors**

**FY18 PIT collections = \$3,362.7M**

**Adjustment of \$25.3M applied FY19**

**FY19 PIT collection estimate = \$3,428.8 (post-adjustment growth = \$66.1M)**

**FY19 NAD estimate = \$5,690.2 (post-adjustment growth = \$195.3M)**

**Threshold Options**

**A minimum PIT collection total of \$3.41B on 6/30/19;**

**A minimum NAD collection total of \$5.67B on 6/30/19;**

**and/or**

**A specified minimum balance in the Long-Term Reserve Fund.**

**Year 2 of Phase-In -- Step 1 to Tax Reform Package**

**Associated Factors**

**FY19 PIT collections = \$3,428.8M**

**Adjustments of \$25.3M applied FY20 PIT**

**FY20 PIT collection estimate = \$3,392.1M (2% growth less \$105.3M)**

**FY20 NAD estimate = \$5,698.7M (2% growth less \$105.3M)**

**Threshold Options -- Year 2**

**A minimum PIT collection total of \$3.39B**

**A minimum NAD collection total of \$5.69B**

**A specified minimum balance in the Long-Term Reserve Fund**

**Step 2 to Phase-In of Tax Reform Package -- Regular 2021 Session**

**Further reduction of the top rate from 6.1% to 5.9%**

**Reduction of the top rate of CIT from 6.5% to 6.25%**

**Revision of CIT apportionment to SSF and repeal Throwback**

**Total \$106M fiscal impact to be allocated over FY22 & FY23**