

## Subcommittee Chair's Proposal

### Income Tax

- Change income tax brackets and rates
- Increase the current \$2,400 personal exemption to \$3,200 and phase-out the exemptions at certain income levels
- expands the refundable earned income credit from 20% to 25% and expands eligibility to individuals without dependents
- the increase in the personal income tax exemption for blind and elderly individuals and the refundable State income tax credit for lower-income individuals would be removed

### Sales Tax

- increase the State sales and use tax from 5% to 6%, and dedicate half the revenue increase to TTF
- expand the sales and use tax base to include other services
- establish annual tax-free periods for energy efficient appliances and clothing and footwear costing \$100 or less.

### Corporate Taxes

- increase the corporate income tax rate from 7% to 8.75%
- impose combined reporting; and
- impose recordation and transfer taxes on "controlling interest" real property transfers.

### Property Tax

- remove language related to the proposed State property tax reduction.

### Tobacco Tax

- increase the State tobacco tax from \$1 to \$2 per pack.

### Other Provisions

- Establish an Education Capital Investment Fund, to be funded by the Governor through the State budget
- Hotel rental tax increase from 5% to 10%

## Budget Plan

<i>Results</i>	2008	2009	2010	2011	2012
<b>Ending Balance</b>	<b>497</b>	<b>259</b>	<b>27</b>	<b>-39</b>	<b>261</b>
Structural Balance	-596	-183	-216	-47	323
Budget Growth Rate		0	0	0	0
Adjusted Cash Balance Est Oct 2007	145	-1,382	-1,675	-1,510	-1,452
Adjusted Structural Balance Est as of Oct 2007	-996	-1,523	-1,654	-1,495	-1,435
<i>Additional Reductions</i>	0	150	150	150	150
<i>BRA Reductions</i>	0	327	370	425	462
	0	477	520	575	612
<i>New Spending</i>					
Health Insurance	0	-55	-112	-162	-289
Higher Ed/k-12 Facilities	0	-100	-100	-150	-150
Transportation Diversion	0	0	0	0	0
Property Tax Reduction	0	0	0	0	0
Sellinger and Cade Formulas	0	0	0	0	0
Copters	-110	0	0	0	0
	-110	-155	-212	-312	-439
<i>Revenue Actions</i>					
Personal Income Tax	0	332	353	372	392
Earned Income Tax Credit		-40	-41	-41	-43
Exemptions		-126	-126	-126	-126
Sales Tax Base	0	200	200	200	200
Sales Tax Rate	315	687	725	762	801
Sales Tax to TTF		-344	-362	-381	-400
Corporate -- Combined Reporting	0	40	40	40	40
Corporate Rate -- 7% to 8.75%	56	196	205	205	201
Tobacco Tax	100	164	159	153	148
Video Lottery Terminals	0	-20	49	72	445
Rental Car Tax from GF to TTF	0	-37	-37	-37	-37
Revenues to Transportation		-26	-26	-26	-26
Senior Tax Relief	0	0	0	0	0
Sales Tax Holidays	-9	-9	-9	-9	-9
Other	0	0	0	0	0
<b>Additional Revenue</b>	<b>462</b>	<b>1,017</b>	<b>1,129</b>	<b>1,184</b>	<b>1,586</b>
Use of Prior Year Fund Balance		352	259	27	0
Approp from RDF to GF	978	106	45	45	0
<b>Net Change v Adjusted Cash Balance Estimate</b>	<b>497</b>	<b>259</b>	<b>27</b>	<b>-39</b>	<b>261</b>
	0	0	0	0	0
<b>Rainy Day Fund Balance</b>	<b>680</b>	<b>753</b>	<b>793</b>	<b>835</b>	<b>925</b>
<b>Balance over 5% of GF Revenues</b>	<b>-12</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>47</b>
<b>Balance %</b>	<b>4.92%</b>	<b>5.00%</b>	<b>4.99%</b>	<b>5.00%</b>	<b>5.27%</b>

## Transportation Revenues

	2008	2009	2010	2011	2012
Titling Tax	74	145	153	161	168
Titling -- Trade-in Offset	(21)	(42)	(44)	(46)	(48)
Sales Tax	0	344	362	381	400
Bay Fund	0	0	0	0	0
Corporate Tax Rate Increase	0	0	0	0	0
Corporate Tax Combined Reporting	0	0	0	0	0
Transportation Car Rental 15% & 100% to MDOT	0	0	0	0	0
Transportation Car Rental	0	0	0	0	0
Current Transfers to General Fund	0	13	13	13	13
<b>Total</b>	<b>53</b>	<b>460</b>	<b>484</b>	<b>509</b>	<b>532</b>