

New Hampshire Department of Revenue Administration
Overview of New Hampshire Taxes and
Revenue Estimate Presentation
Senate Ways & Means Committee
April 3, 2019



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MISSION

The mission of the Department of Revenue Administration is to fairly and efficiently administer the tax laws of the State of New Hampshire, collecting the proper amount of taxes due, incurring the least cost to the taxpayers, in a manner that merits the highest degree of public confidence in our integrity. Further, we will provide prompt and constructive assistance to the municipal units of government in matters of budget, finance, and the appraisal of real estate.



Taxes Administered by DRA ~ \$2.3B Revenue

<u>Tax Type</u>	<u>Tax Rate</u>	<u>Statute</u>
Business Enterprise Tax	0.6%*	RSA 77-E
Business Profits Tax	7.7%*	RSA 77-A
Communications Services Tax	7.0%	RSA 82-A
Electricity Consumption Tax (Repealed 1/1/19)	\$0.00055/kilowatt hour	RSA 83-E
Interest and Dividends Tax	5.0%	RSA 77
Meals and Rooms Tax	9.0%	RSA 78-A
Medicaid Enhancement Tax	5.4%	RSA 84-A
NFQA/ICFQA	5.5%	RSA 84-C/84-D
Tobacco Tax	\$1.78 per pack/65.03% wholesale price	RSA 78
Taxation of Railroads	Average rate of taxation of other property	RSA 82
Utility Property Tax	\$6.60 per \$1,000 of utility property value	RSA 83-F
Excavation Tax	\$.02 per cubic yard (Local revenue)	RSA 72-B
Real Estate Transfer Tax	\$0.75 per \$100	RSA 78-B
Timber Tax	10% of stumpage value (Local revenue)	RSA 79
Property Tax (Includes SWEPT)	Varies (Local revenue)	RSA 76

Taxes DRA Does Not Collect

<u>Tax Type</u>	<u>Statute</u>
Insurance Premium Tax	RSA 400-A
Beer Tax	RSA 178
Road Toll (Gas Tax)	RSA 260

*BET rate reduced to 0.60% and BPT rate reduced to 7.7% for taxable periods ending on or after 12/31/19.

Tax Revenue - Fiscal Year 2018 (Audited)

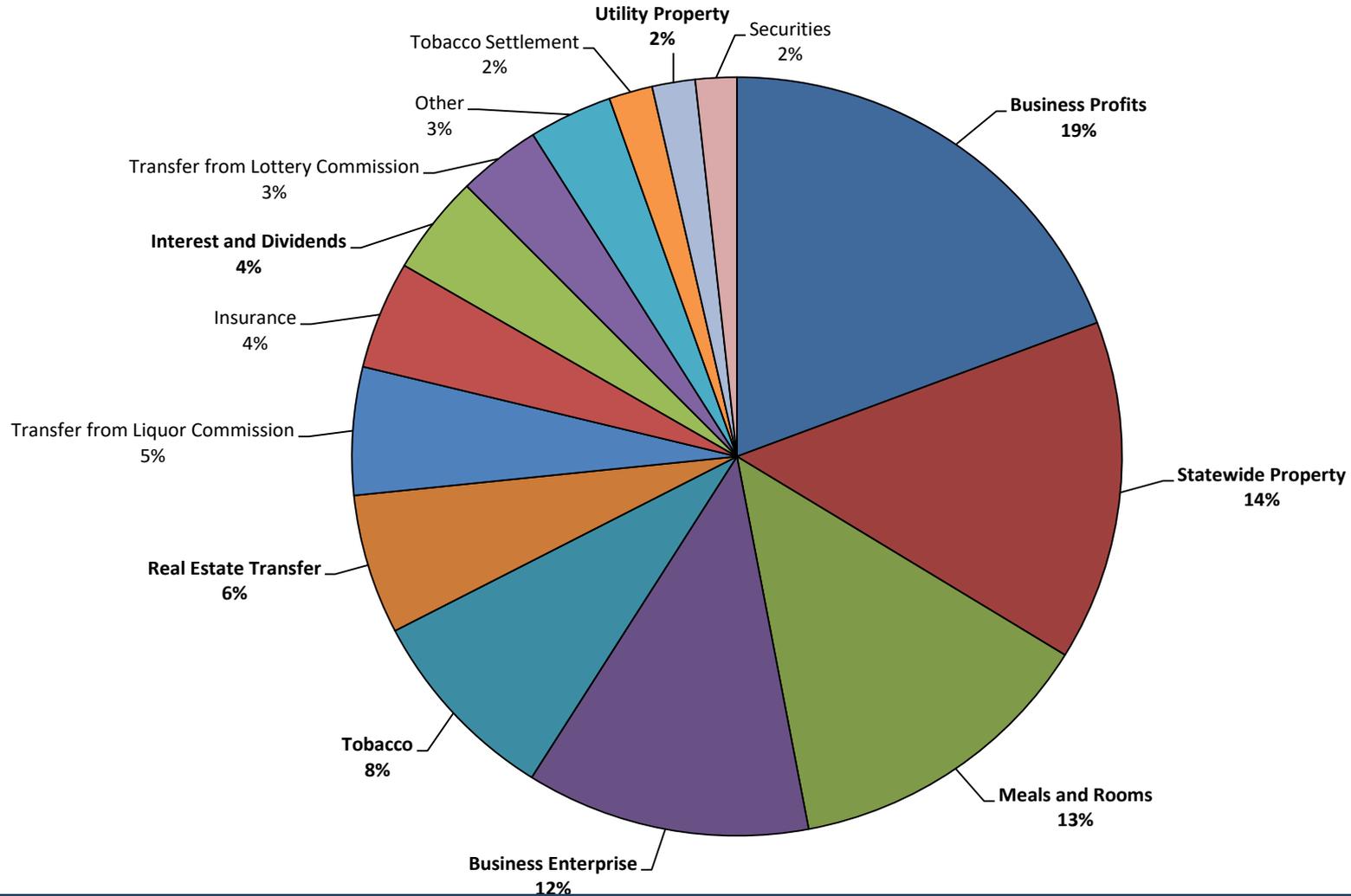
<u>Tax Type</u>	<u>Audited Revenue</u>
Business Profits Tax	\$482.3M
Business Enterprise Tax	\$298.8M
Subtotal Business Tax	<hr/> \$781.1M
Communications Services Tax	\$43.4M
Electricity Consumption Tax	\$5.9M
Interest and Dividends Tax	\$105.8M
Meals and Rooms Tax	\$331.7M
Medicaid Enhancement Tax	*\$243.0M
NFQA/ICFQA	*\$37.9M
Tobacco Tax	\$211.6M
Taxation of Railroads	*\$0.4M
Utility Property Tax	\$45.2M
Real Estate Transfer Tax	\$149.2M
State Wide Education Property Tax	\$363.1M
TOTAL	\$2.3B

* FY2018 NFQA, MET & Taxation of Railroads is Unaudited Cash

Share of Unrestricted Revenues

General and Education Funds – Source FY2018 (Audited)

Note: DRA's statutory responsibilities represent nearly 80% of NH State General and Education Trust Fund Revenue (\$2.0B out of \$2.6B)



Timing of DRA Revenues

<u>Business</u>	<u>% of Money</u>
July	3.2%
August	1.9%
September	16.4%
October	3.6%
November	1.0%
December	16.0%
January	3.5%
February	2.4%
March	13.4%
April	19.6%
May	2.5%
June	16.5%

<u>M&R</u>	<u>% of Money</u>
July	9.1%
August	10.9%
September	11.2%
October	8.8%
November	8.7%
December	7.0%
January	7.5%
February	6.6%
March	7.0%
April	7.4%
May	7.4%
June	8.4%

<u>Tobacco</u>	<u>% of Money</u>
July	8.6%
August	9.6%
September	8.9%
October	8.9%
November	8.4%
December	8.0%
January	7.3%
February	6.6%
March	8.0%
April	7.6%
May	8.4%
June	9.7%

<u>I&D</u>	<u>% of Money</u>
July	0.8%
August	1.3%
September	15.6%
October	2.3%
November	0.1%
December	5.8%
January	14.0%
February	1.4%
March	4.5%
April	38.9%
May	0.9%
June	14.4%

<u>RETT</u>	<u>% of Money</u>
July	10.3%
August	10.7%
September	10.0%
October	9.1%
November	9.3%
December	7.8%
January	9.1%
February	6.1%
March	5.0%
April	6.2%
May	7.3%
June	9.1%

Quarterly

<u>Business</u>	<u>% of Money</u>
Quarter 1	22%
Quarter 2	21%
Quarter 3	19%
Quarter 4	39%

<u>M&R</u>	<u>% of Money</u>
Quarter 1	31%
Quarter 2	25%
Quarter 3	21%
Quarter 4	23%

<u>Tobacco</u>	<u>% of Money</u>
Quarter 1	27%
Quarter 2	25%
Quarter 3	22%
Quarter 4	26%

<u>I&D</u>	<u>% of Money</u>
Quarter 1	18%
Quarter 2	8%
Quarter 3	20%
Quarter 4	54%

<u>RETT</u>	<u>% of Money</u>
Quarter 1	31%
Quarter 2	26%
Quarter 3	20%
Quarter 4	23%

Biannually

<u>Business</u>	<u>% of Money</u>
1st Half	42%
2nd Half	58%

<u>M&R</u>	<u>% of Money</u>
1st Half	56%
2nd Half	44%

<u>Tobacco</u>	<u>% of Money</u>
1st Half	52%
2nd Half	48%

<u>I&D</u>	<u>% of Money</u>
1st Half	26%
2nd Half	74%

<u>RETT</u>	<u>% of Money</u>
1st Half	57%
2nd Half	43%

* Average based on 2013-2018 from DAS Revenue Focus. Adjustments have been made for anomalies and due date changes

Department of Revenue Administration

Revised Revenue Estimates

The Department of Revenue Administration (DRA) has developed revised FY19 revenue estimates as well as growth rates for FY20 and FY21 for the following taxes: Business Profits Tax (BPT), Business Enterprise Tax (BET), Meals and Rentals Tax, Tobacco Tax, Communications Services Tax, Real Estate Transfer Tax, and Utility Property Tax. These are estimates based on currently available data (through March 2019) and DRA experience, and are subject to change.

Estimate Scenarios	Description
Actual with Plan	Actual revenue from the first nine months of FY19 with Plan revenue for the last three months of FY19
Actual with Prior Year	Actual revenue from the first nine months of FY19 with actual prior year revenue for the last three months of FY19
Sustaining % Versus Plan	Actual revenue from the first nine months of FY19 plus sustaining % versus Plan for the last three months of FY19
Year-Over-Year Growth	Actual revenue from the first nine months of FY19 plus sustaining % versus prior year for the last three months of FY19

Meals & Rentals (M&R) Tax

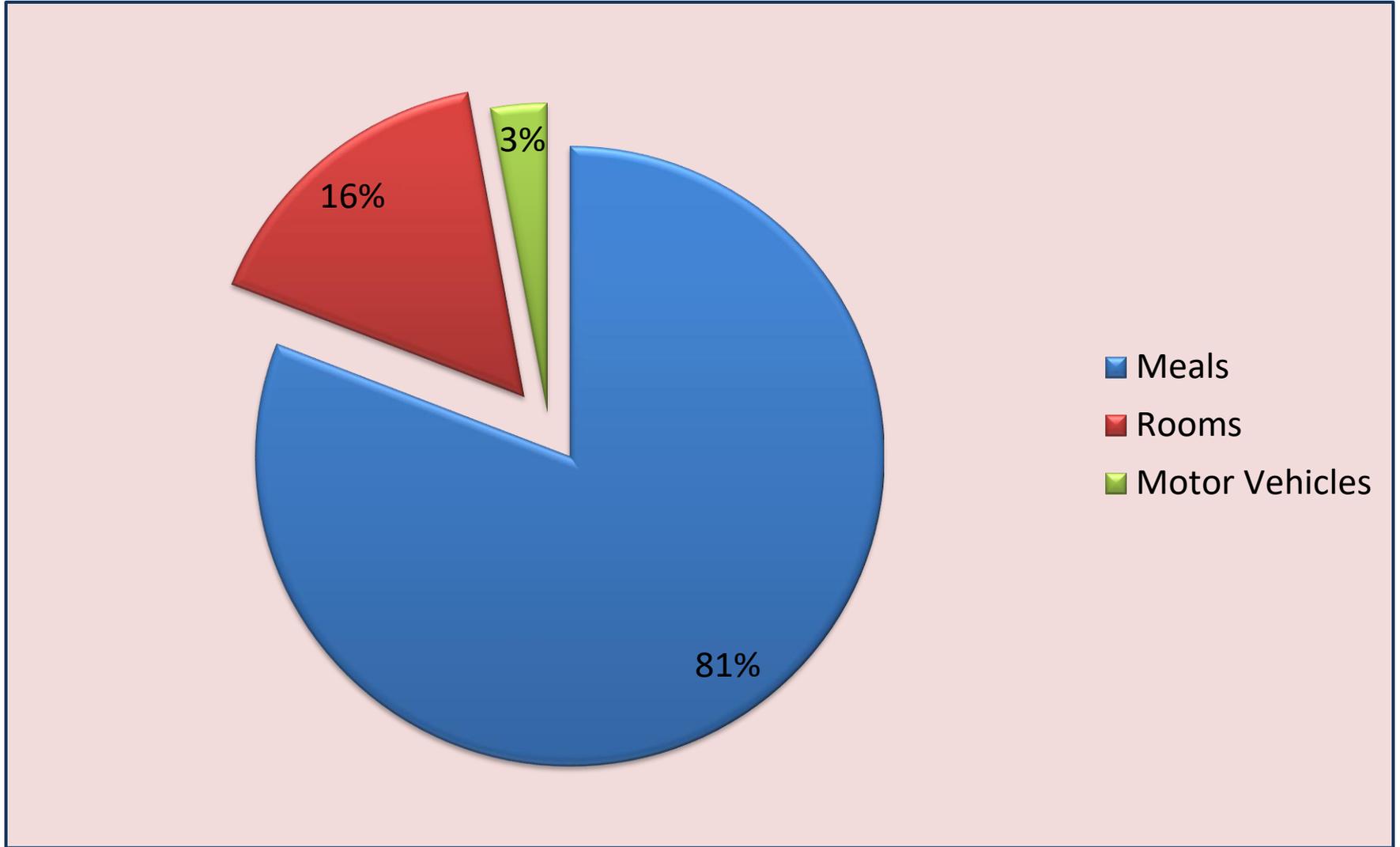
- The M&R Tax is a 9% tax levied on consumers for the purchase of taxable meals, accommodation rentals, and motor vehicle rentals. The Tax is collected by the operator and remitted to the DRA monthly.
- The School Building Aid debt service (SBA) is a monthly transfer from gross M&R Tax revenue. The transfer was \$14.6 million per year in FY2012, gradually decreasing to \$13.6 million in FY15, to \$12.7 million in FY2017. It was \$12.3 million in FY2018 and is \$11.9 million in FY2019. It will decrease to \$11.5 million in FY2020 and will decrease again in FY2021 to \$8.3 million.
- Audited M&R Tax revenue continues to increase:
 - 7.1% increase in FY2016 over FY2015
 - 4.4% increase in FY2017 over FY2016
 - 5.4% increase in FY2018 over FY2017
 - FY2019 actual revenue for the 1st 9 months of the fiscal year is 0.8% above FY2019 plan and 5.8% above FY2018 unaudited revenue year to date.
- Factors that can affect M&R Tax:
 - Weather (sunny summers, colorful fall foliage, snowy winters)
 - Economy (when the economy is thriving M&R Tax revenue is usually up)
 - Unemployment (US = 3.8%; NH = 2.4% for February 2019 vs. US = 4.1%; NH = 2.7% for February 2018¹)
 - Travel /Tourism (overnight visitor trips were up 2.4% from 2016 to 2017, with total direct spending by travelers to NH up 2.8% from 2016 to 2017²)

¹Source: *Labor Force and Unemployment News Release*. Economic & Labor Market Information Bureau, NH Employment Security . April 2019

²Source: *2017: Four Seasons, New Hampshire Travel Barometer*. Report prepared for the NH Division of Travel and Tourism Development by Dean Runyan Associates.

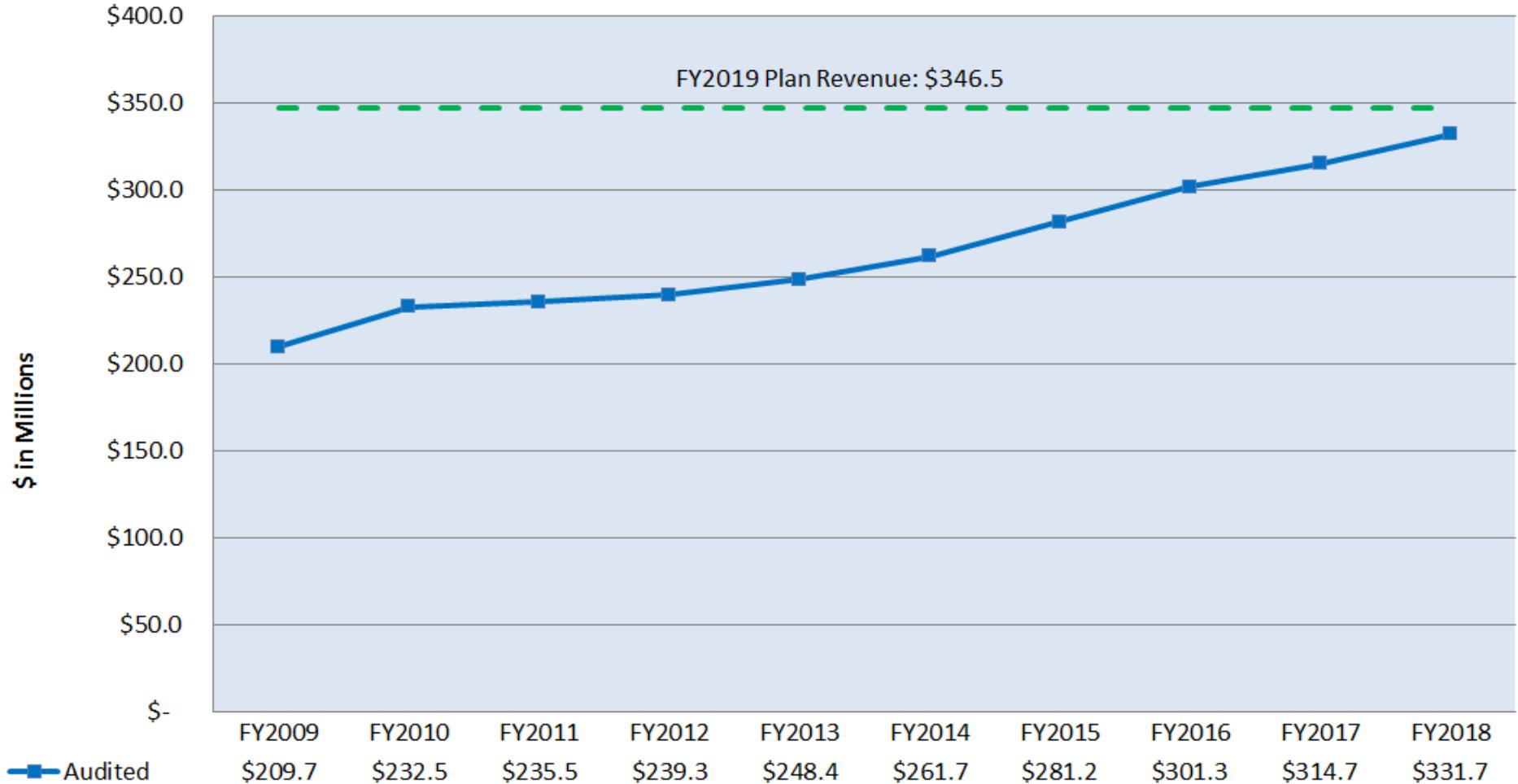
M&R Tax

Gross Meals & Rentals Tax Liability Reported by Activity Type



M&R Tax Revenue 10-Year Trend

Audited Revenue



Rate: 8% (FY2009); 9% (FY2010 – Present)

Factors Influencing Revenue: Economic cycle, including unemployment, weather, travel and tourism

Meals & Rentals Tax

- **DRA Revised FY19 estimates:**
 - Low: Actual with Plan
 - High: Sustaining % Versus Plan
- **Factors to consider:**
 - FYTD 0.8% ahead of Plan
 - FYTD 5.8% ahead of prior year
 - Historically 5%+ year-over-year growth
 - Impact of slowing economy

	A	B	C				D				E			
1		FY19	FY19 Revised				FY20 Growth Range				FY21 Growth Range			
2	\$ in Millions	Plan	Low	High	Gov	HR 8	Low	High	Gov	HR 8	Low	High	Gov	HR 8
3	Meals & Rentals Tax ¹	\$ 346.5	\$ 348.6	\$ 349.2	\$ 350.0	\$ 350.5	3.0%	5.0%	3.2%	4.3%	0.0%	3.0%	1.0%	5.0%

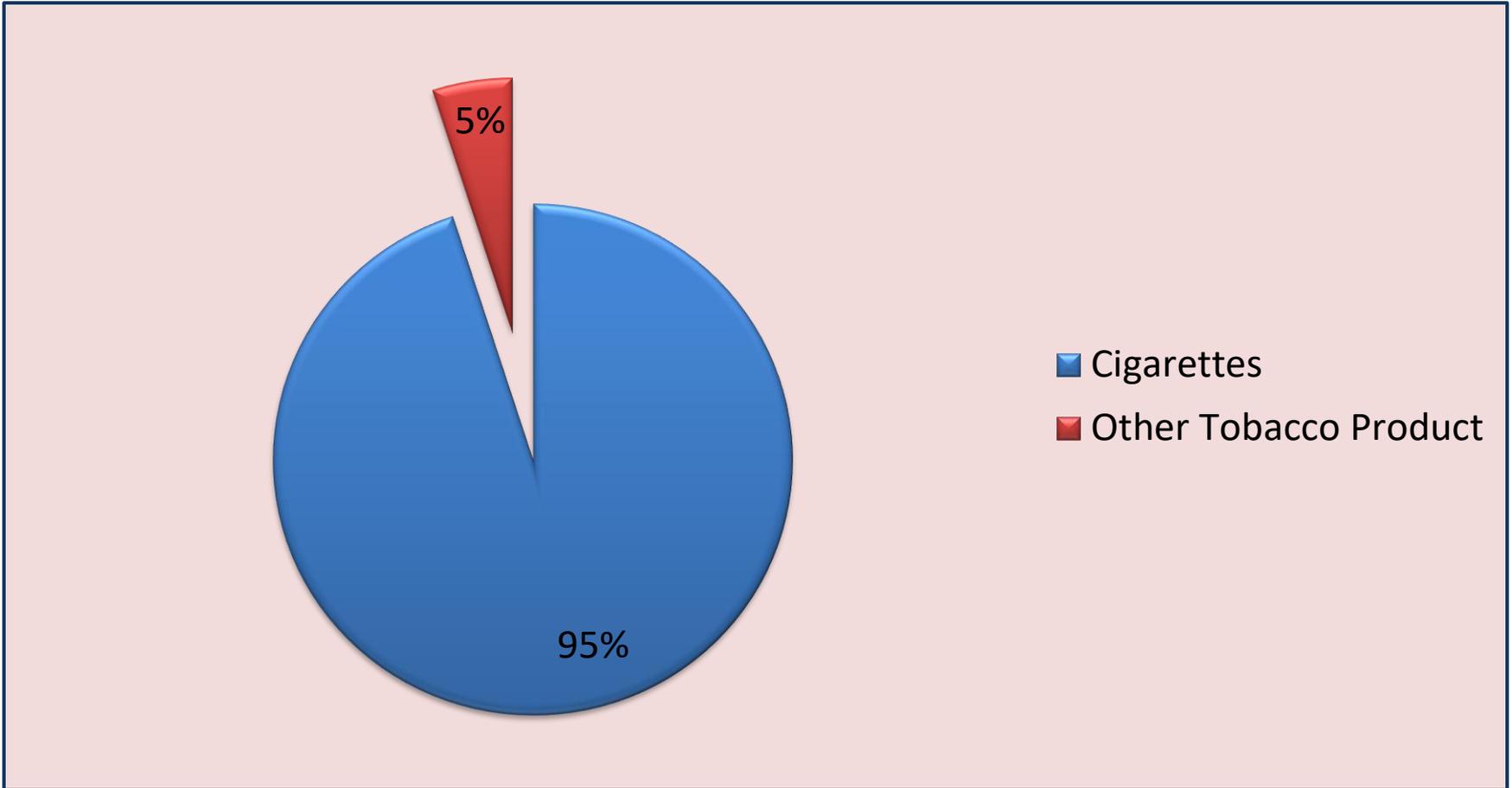
¹Meals & Rentals Tax figures are net of School Building Debt Aid

Tobacco Tax

- The Tobacco Tax is levied on each package of cigarettes at a rate of \$1.78 per pack of 20 cigarettes and \$2.23 per pack of 25 cigarettes. The Tobacco Tax is also levied on all other tobacco products (OTP) at a rate of 65.03% of the wholesale sales price.
- The Tobacco Tax consists of stamp sales and sales of OTP.
- Audited Tobacco Tax revenue over the last three years:
 - 2.6% increase in FY2016 over FY2015
 - 3.7% decrease in FY2017 over FY2016
 - 3.2% decrease in FY2018 over FY2017FY2019 actual revenue for the 1st 9 months of the fiscal year is -6.3% below FY2019 plan and -7.2% below FY2018 unaudited revenue year to date.
- The composition of Tobacco Tax revenue is changing. OTP has grown and currently makes up 6% of Tobacco Tax revenue compared to FY2010 where it made up 3.4% of revenue.
- Factors that can affect Tobacco Tax:
 - Cross-border elasticity
 - Downward trend of stamp sales (down 5% FYTD, -1% in FY2018, down -4% in FY2017)
 - E-cigarette consumption

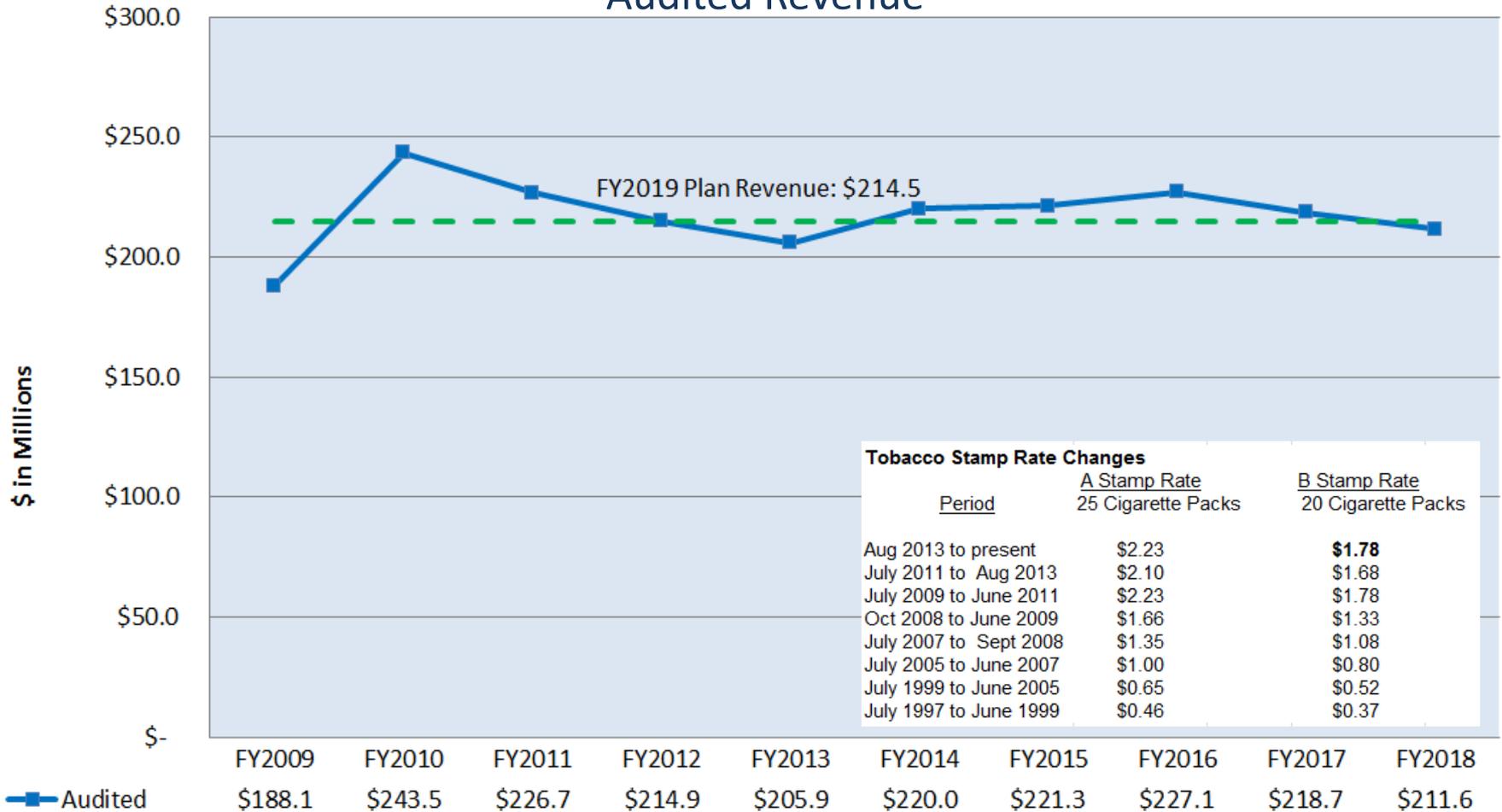
Tobacco Tax

For FY2014 to FY2018, on average, Tobacco Tax revenues were composed of:



Tobacco Tax Revenue 10-Year Trend

Audited Revenue



Period	A Stamp Rate 25 Cigarette Packs	B Stamp Rate 20 Cigarette Packs
Aug 2013 to present	\$2.23	\$1.78
July 2011 to Aug 2013	\$2.10	\$1.68
July 2009 to June 2011	\$2.23	\$1.78
Oct 2008 to June 2009	\$1.66	\$1.33
July 2007 to Sept 2008	\$1.35	\$1.08
July 2005 to June 2007	\$1.00	\$0.80
July 1999 to June 2005	\$0.65	\$0.52
July 1997 to June 1999	\$0.46	\$0.37

Other Tobacco Products Rate: 19% (FY2009); 48.59% (FY2010); 65.03% (FY2011); 48% (FY2012 – FY2013); 65.03% (FY2014 – Present)

Factors Influencing Revenue: Cross-border elasticity, e-cigarettes, downward trend of stamps sales

Tobacco Tax

- **DRA Revised FY19 estimates:**
 - Low: Year-Over-Year Growth
 - High: Sustaining % Versus Plan
- **Factors to consider:**
 - FYTD 6.3% below Plan
 - FYTD 7.2% below prior year
 - Cross border elasticity
 - Downward trend of stamps sales nationally
 - Increased use of other tobacco products and shift to alternative ways to consume nicotine

	A	B	C				D				E			
1		FY19	FY19 Revised				FY20 Growth Range				FY21 Growth Range			
2	<i>\$ in Millions</i>	Plan	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
3	Tobacco Tax	\$ 214.5	\$ 200.7	\$ 201.0	\$ 201.0	\$ 203.1	-2.0%	-0.5%	1.7%	-2.5%	-2.0%	-0.5%	0.8%	-2.5%

Interest & Dividends (I&D) Tax

- The I&D Tax is assessed at a rate of 5% on the interest and dividend income of individuals, partnerships, and fiduciaries.
- Audited I&D Tax revenue over the last three years:
 - 7.8% decrease in FY2016 over FY2015
 - 5.6% increase in FY2017 over FY2016
 - 12.2% increase in FY2018 over FY2017
 - FY2019 actual revenue for the 1st 9 months of the fiscal year is -0.7% below FY2019 plan and -10.2% below FY2018 unaudited revenue year to date.
- Factors that can affect I&D:
 - Rising interest rates
 - Economy
 - Federal tax reform

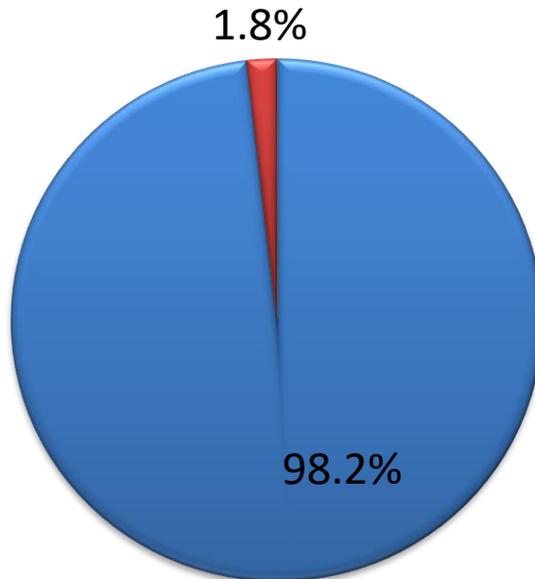
I&D Taxpayers

For Tax Year 2017

Gross I&D Income From All Data Sources as Reported by Taxpayers

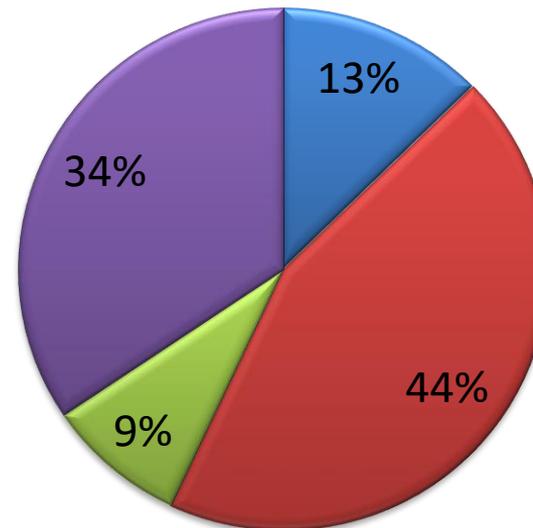
Entities Paying Interest and Dividends Tax

- Individuals & Joint 98.2%
- Partnerships & Estates 1.8%



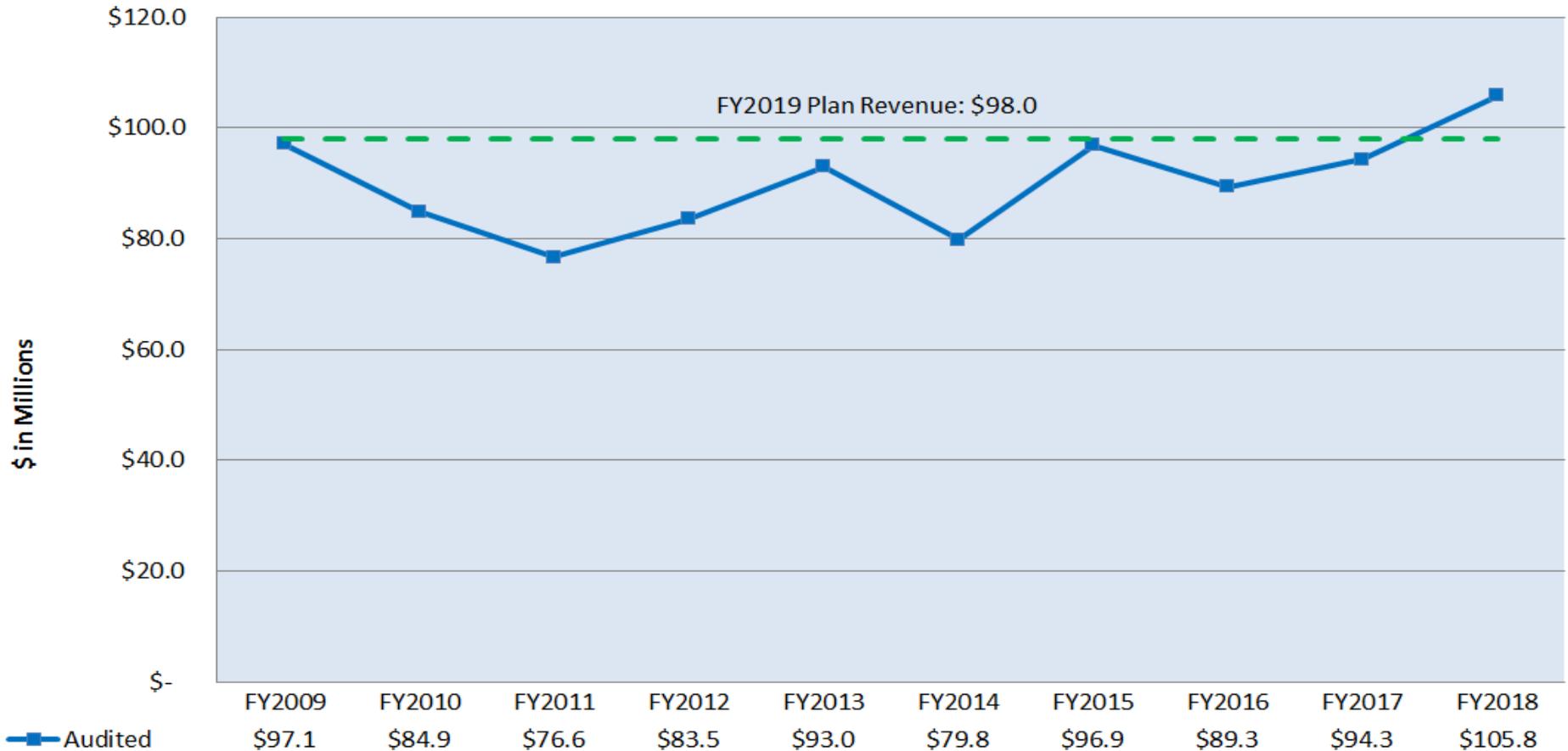
Interest and Dividends Tax Breakdown

- Interest 13%
- Dividends 44%
- Federal Tax Exempt Interest 9%
- Distributions 34%



I&D Tax Revenue 10-Year Trend

Audited Revenue



Rate: 5%

Factors Influencing Revenue: Economic cycle, interest rates, federal tax reform

Interest and Dividends Tax

- **DRA Revised FY19 estimates:**
 - Low: Year-Over-Year Growth
 - High: Actual with Prior Year
- **Factors to consider:**
 - FYTD 0.7% below Plan
 - FYTD 10.2% below prior year
 - Historical Year-Over-Year swings
 - Interest rates

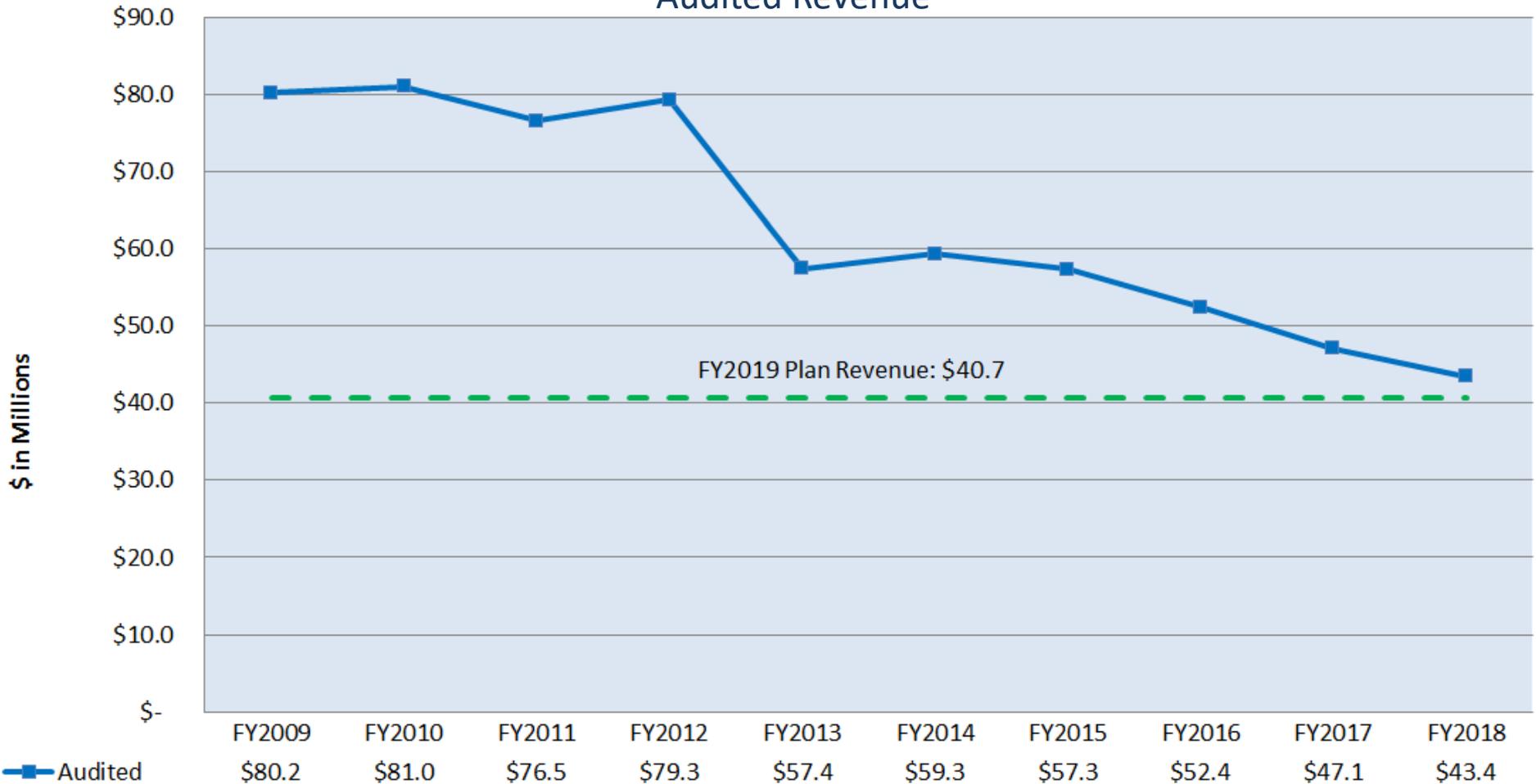
	A	B	C				D				E			
1		FY19	FY19 Revised				FY20 Growth Range				FY21 Growth Range			
2	<i>\$ in Millions</i>	Plan	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
3	Interest & Dividends Tax	\$ 98.0	\$ 95.4	\$ 101.1	\$ 102.0	\$ 100.7	1.0%	2.0%	2.9%	1.0%	-1.0%	0.0%	1.4%	0.0%

Communications Services Tax (CST)

- The CST is a tax of 7% on all two-way communication services.
- FY2009 – FY2012 – CST revenue was between \$76.5 million and \$81.0 million.
- FY2013 – FY2016 – CST revenue was between \$52.4 million and \$59.3 million.
- FY2017 CST audited revenue was \$47.1 million.
- FY2018 CST audited revenue was \$43.4 million.
- Factors affecting CST:
 - 2012 exclusion of charges for internet access
 - Decrease in landlines
 - Modern pricing and purchasing trends for wireless communications

CST Revenue 10-Year Trend

Audited Revenue



Rate: 7%

Factors Influencing Revenue: 2012 exclusion of charges for internet access, decrease in landlines, modern pricing and purchasing trends for wireless communications

Communications Services Tax

- **DRA Revised FY19 estimates:**
 - Low: Plan
 - High: Sustaining % Versus Plan
- **Factors to consider:**
 - FYTD 2.0% ahead of Plan
 - FYTD 5.2% below prior year
 - Taxability of internet access
 - Decrease in landlines
 - Modern purchasing trends in wireless communications

	A	B	C				D				E			
1	FY19		FY19 Revised				FY20 Growth Range				FY21 Growth Range			
2	<i>\$ in Millions</i>	Plan	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
3	Communications Services Tax	\$ 40.7	\$ 40.7	\$ 41.5	\$ 40.4	\$ 41.3	-9.0%	-5.0%	-8.4%	-9.0%	-9.0%	-5.0%	-8.1%	-9.0%

Real Estate Transfer Tax (RETT)

- The RETT is a tax on the transfer, sale or granting of real property at a rate of \$1.50 per \$100 of the price or consideration for the transfer (\$.75 is the obligation of the purchaser and \$.75 is the obligation of the seller).
- Audited RETT revenue has increased in recent years:
 - 14.4% increase in FY2016 over FY2015
 - 5.4% increase in FY2017 over FY2016
 - 5.3% increase in FY2018 over FY2017
 - FY2019 actual revenue for the 1st 9 months of the fiscal year is -5.4% below FY2019 plan and 4.6% above FY2018 unaudited revenue year to date.
- Factors that can affect RETT:
 - Economy (economic trends and cycles)
 - Interest Rates (4.58% NH 30-year fixed mortgage rate for December 31, 2018 vs. 4.16% NH 30-year fixed mortgage rate for December 1, 2017¹)
 - Property Values (\$182.8 billion was the total equalized value for NH on May 1, 2018² vs. \$173.4 billion on May 1, 2017³) and available inventory for sale

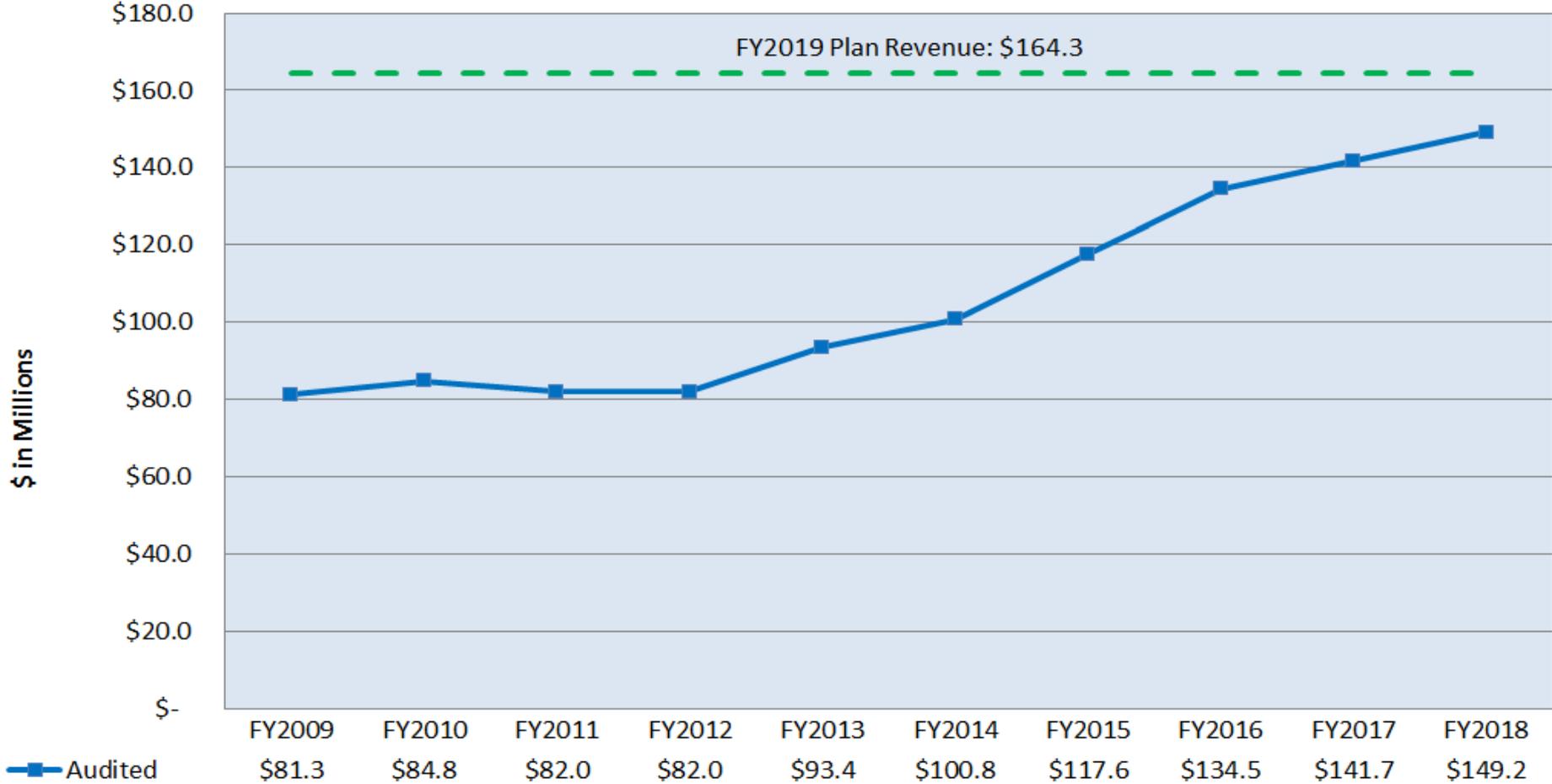
¹Source: Mortgage Rate Trends, Realtor.com, 1-3-19

²Source: Equalization Survey with Utilities and Railroad Summary, DRA 2018 Annual Report

³Source: Equalization Survey with Utilities and Railroad Summary, DRA 2017 Annual Report

RETT Revenue 10-Year Trend

Audited Revenue



Rate: \$1.50 per \$100 of the price or consideration for the transfer (\$0.75 is the obligation of the purchaser and \$0.75 is the obligation of the seller)

Factors Influencing Revenue: Economic cycle, interest rates, property values, available inventory

Real Estate Transfer Tax

- **DRA Revised FY19 estimates:**
 - Low: Sustaining % Versus Plan
 - High: Plan
- **Factors to consider:**
 - FYTD 5.4% below Plan
 - FYTD 4.6% ahead of prior year
 - Available housing and property values
 - Mortgage interest rates

	A	B	C				D				E			
1		FY19	FY19 Revised				FY20 Growth Range				FY21 Growth Range			
2	<i>\$ in Millions</i>	Plan	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
3	Real Estate Transfer Tax ¹	\$ 164.3	\$ 155.5	\$ 164.3	\$ 161.0	\$ 157.0	1.0%	2.0%	1.4%	1.5%	0.0%	2.0%	0.0%	0.5%

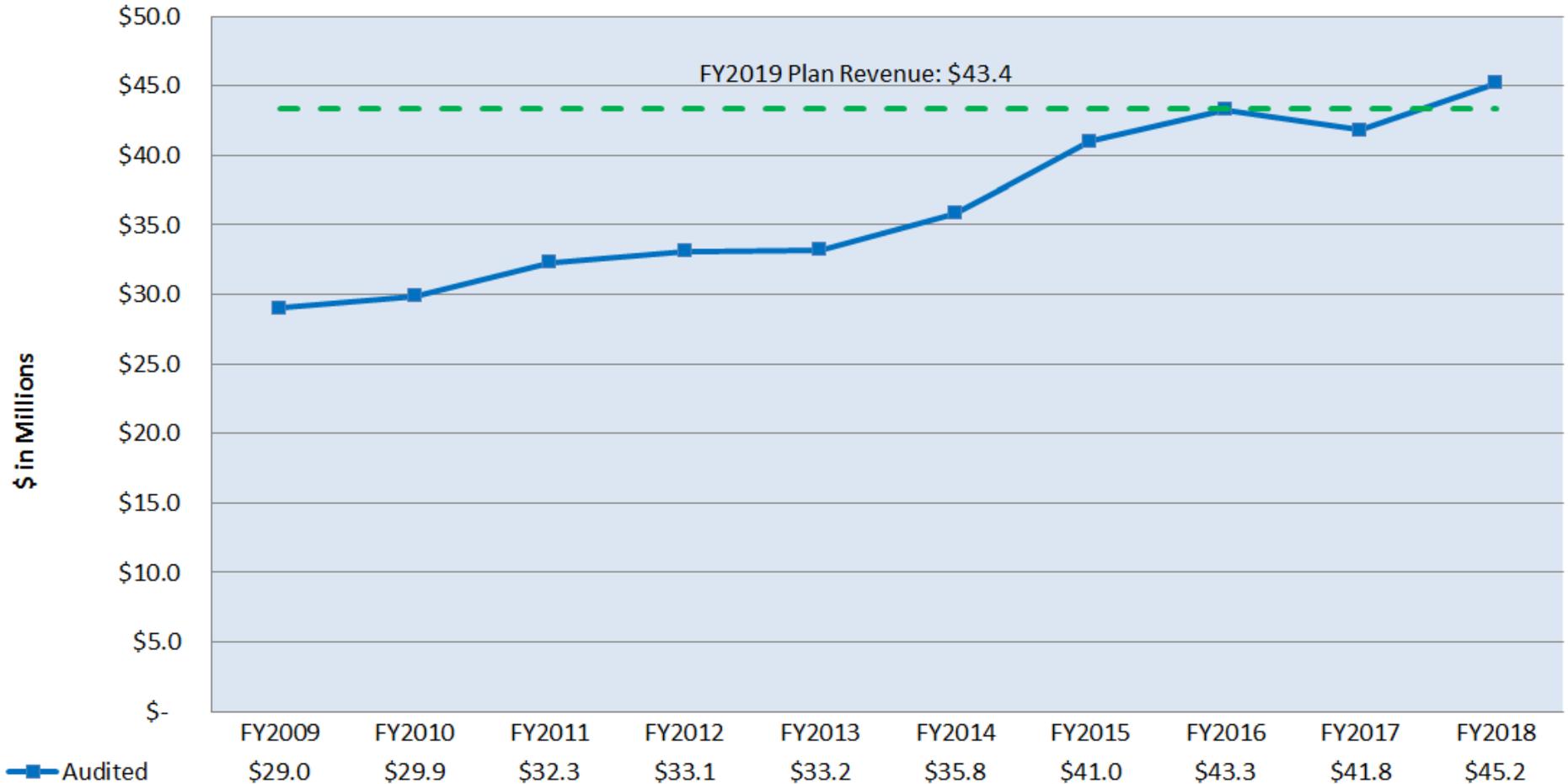
¹Real Estate Transfer Tax is net of LChip

Utility Property Tax (UPT)

- The UPT is a tax imposed on the value of utility property at a rate of \$6.60 per \$1,000 of value, as determined by the DRA as of each April 1st.
- Audited UPT revenue over the last three years:
 - 5.6% increase in FY2016 over FY2015
 - 3.5% decrease in FY2017 over FY2016
 - 8.1% increase in FY2018 over FY2017
- Tax year 2018 assessments = \$41.8 million (Utility Property value of \$6.3 billion)
- Factors that can affect UPT:
 - Development of new renewable energy facilities
 - Valuation of utility property
 - Energy pricing, supply, and demand

UPT Revenue 10-Year Trend

Audited Revenue



Rate: \$6.60 per \$1,000 of value

Factors Influencing Revenue: Development of new renewable energy facilities, valuation of utility property, energy pricing (supply and demand)

Utility Property Tax

- ***DRA Revised FY19 estimates:***
 - Low: Year-Over-Year Growth
 - High: Actual with Plan
- ***Factors to consider:***
 - *FYTD 4.0% below Plan*
 - *FYTD 14.3% below prior year*
 - *Factors that can affect the growth:*
 - Valuation appeals
 - Some property may decline in value due to changes in economic conditions
 - New taxable property may be constructed

	A	B	C				D				E			
1		FY19	FY19 Revised				FY20 Growth Range				FY21 Growth Range			
2	<i>\$ in Millions</i>	Plan	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
3	Utility Property Tax	\$ 43.4	\$ 38.7	\$ 42.5	\$ 45.4	\$ 39.6	0.5%	2.0%	1.5%	1.3%	0.5%	2.0%	1.5%	1.0%

Business Taxes

- Business Taxes consists of the **Business Enterprise Tax (BET)** and the **Business Profits Tax (BPT)**. The BET is assessed on the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business. The BPT is assessed on income from the conduct of business activity within the state.
- The BPT conforms to the United States Internal Revenue Code of 1986 in effect on December 31, 2016, with adjustments, for taxable periods beginning on or after January 1, 2018.
- Factors that affect Business Taxes:
 - Economy
 - Federal tax reform (additional foreign dividends)
 - Mergers and acquisitions
 - Credits/Exemptions
 - Statutory changes
- Recent statutory changes
 - Business Tax rate reductions
 - 100% exemption for qualified regenerative manufacturing companies through tax year 2027
 - Increase of R&D Tax Credit from \$2 million to \$7 million effective July 1, 2017.
 - §179 expense deductions (from \$25,000 to \$100,000 for property placed in service on or after January 1, 2017 and from \$100,000 to \$500,000 for property placed in service on or after January 1, 2018)

Business Tax Revenue FY2009 - FY2018

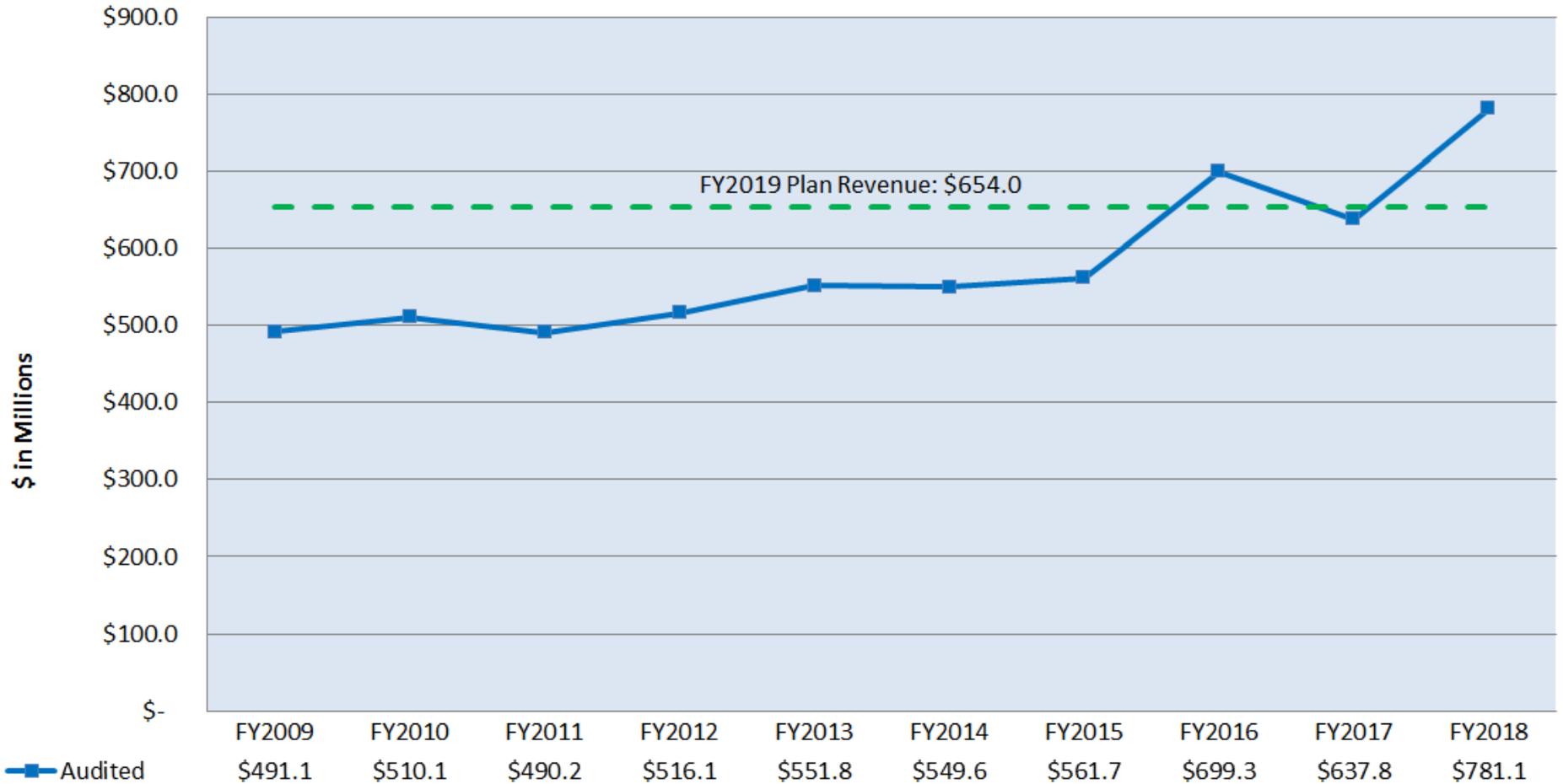
	Business Revenue (Audited)	Change in \$	Change in %
FY2009	\$491,097,000	\$-	-
FY2010	\$510,124,000	\$19,027,000	3.9%
FY2011	\$490,205,000	(\$19,919,000)	-3.9%
FY2012	\$516,135,000	\$25,930,000	5.3%
FY2013	\$551,765,000	\$35,630,000	6.9%
FY2014	\$549,629,000	(\$2,136,000)	-0.4%
FY2015	\$561,663,000	\$12,034,000	2.2%
FY2016	\$699,291,000	\$137,628,000	24.5%
FY2017	\$637,799,000	(\$61,492,000)	-8.8%
FY2018	\$781,112,000	\$143,313,000	22.5%

Business Taxes – Anomalous Payments

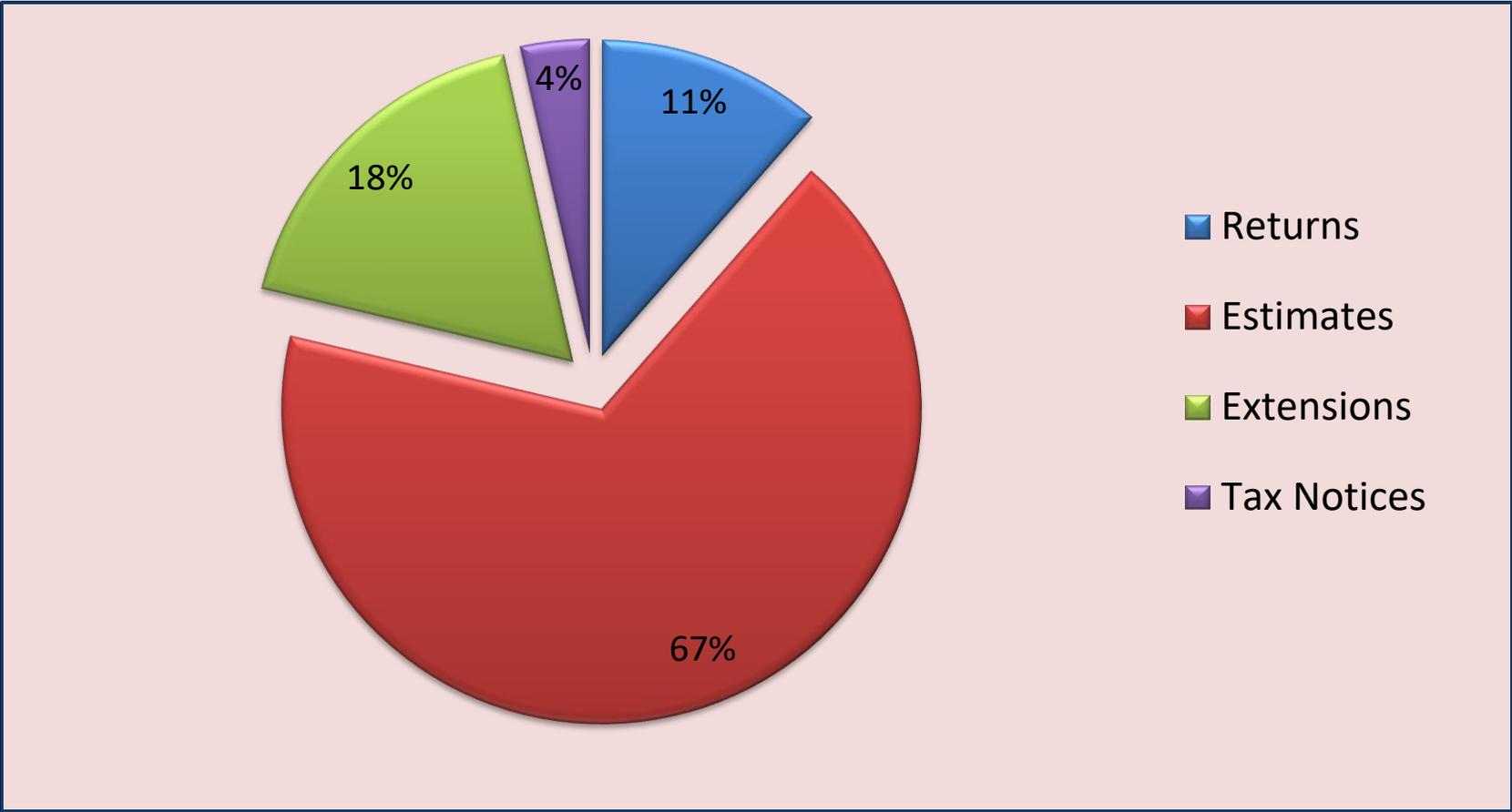
- Anomalous, or one-time, tax payments appear in revenue every fiscal year. However, sometimes these payments are so large they can drastically increase revenue. These anomalies have been present in the last couple of years due to a variety of factors, from an amnesty program in FY2016 to federal tax reform and a large increase in mergers and acquisitions in FY2018 continuing into FY2019.
- The Department has analyzed FY2018 revenue in an attempt to determine growth versus anomalous payments, and has come up with a % range of anomalous payments. Without all returns having been filed for payments received in FY2018, the department believes the % range of anomalous payments for FY2018 is anywhere between 11% and 14% of all revenue received.

Business Tax Revenue 10-Year Trend

Audited Revenue



FY2018 Business Tax Component Breakdown



Who Pays the BPT?

BPT - Tax Year 2016

Business Profits Tax Stats by Tax Year and Amount of Tax Liability

This Population includes all Corporations, Partnerships, Proprietorships, and any other Entity that Files BPT

DRAFT as of 8/29/18

Tax Year 2016 Range in Tax Paid	COUNT	Sum BP TAX	% of POP	% of Tax Liability by POP
\$0	55,624	\$0	76.8%	0.0%
\$1 - \$500	4,951	\$805,516	6.8%	0.2%
\$500 - \$1K	1,782	\$1,292,515	2.5%	0.4%
\$1K - \$10K	6,907	\$25,824,645	9.5%	7.3%
\$10K - \$50K	2,210	\$46,691,247	3.1%	13.1%
\$50K - \$100K	389	\$27,248,282	0.5%	7.7%
\$100K - \$MIL	490	\$139,337,740	0.7%	39.2%
>\$1MIL	47	\$113,872,244	0.1%	32.1%
Totals:	72,400	<u>\$355,072,189</u>	100.0%	100.0%

2016	COUNT	Sum BP TAX	% of Total POP	% of Total Tax Liability by POP
Corporations	25,403	\$83,227,734	35.1%	23.4%
Water's Edge	3,846	\$202,038,756	5.3%	56.9%
Partnerships	12,647	\$51,468,288	17.5%	14.5%
Proprietors	29,931	\$15,010,578	41.3%	4.2%
Fiduciaries	573	\$3,326,833	0.8%	0.9%
Totals:	72,400	<u>\$355,072,189</u>	100.0%	100.0%

NOTE: Figures are unaudited and subject to change until all final and amended returns for the Tax Year are filed.

Who Pays the BET?

BET - Tax Year 2016

Business Enterprise Tax Stats by Tax Year and Amount of Tax Liability

This Population includes all Corporations, Partnerships, Proprietorships, and any other Entity that Files BET

DRAFT as of 8/29/18

Tax Year 2016 Range in Tax Paid	COUNT	Sum BE TAX	% of POP	% of Tax Liability by POP
\$0	35,286	\$0	48.7%	0.0%
\$1 - \$500	9,778	\$ 1,922,073.74	13.5%	0.9%
\$500 - \$1K	7,358	\$ 5,515,881.00	10.2%	2.5%
\$1K - \$10K	17,016	\$ 50,690,443.00	23.5%	23.1%
\$10K - \$50K	2,381	\$ 48,256,263.00	3.3%	22.0%
\$50K - \$100K	320	\$ 22,320,038.00	0.4%	10.2%
\$100K - \$MIL	248	\$ 61,150,040.00	0.3%	27.9%
>\$1MIL	13	\$ 29,245,803.00	0.0%	13.3%
Totals:	72,400	\$219,100,542	100.0%	100.0%

2016	COUNT	Sum BE TAX	% of Total POP	% of Total Tax Liability by POP
Corporations	25,403	\$70,415,621	35.1%	32.1%
Water's Edge	3,846	\$111,598,815	5.3%	50.9%
Partnerships	12,647	\$22,493,000	17.5%	10.3%
Proprietors	29,931	\$14,524,593	41.3%	6.6%
Fiduciaries	573	\$68,513	0.8%	0.0%
Totals:	72,400	\$219,100,542	100.0%	100.0%

NOTE: Figures are unaudited and subject to change until all final and amended returns for the Tax Year are filed.

Business Taxes BPT & BET:

Split 60% BPT 40% BET

- **Factors to consider:**
 - *FYTD 37.5% ahead of Plan*
 - *FYTD 18.0% ahead of prior year*
 - *One-time anomalies due to federal tax reform*
 - *Anomalies due to one-time business activities – i.e., capital gains, mergers and acquisitions*
 - *Impact of continued strong and then slowing economy*

	DRA Estimate		FY2018 Revenue \$775.9m / FY2017 Revenue \$639.0m
	Low	High	Explanation
FY18 Revenues	\$ 775.9	\$ 775.9	Actual FY18 revenue
One-Time Anomalies	\$ 108.6	\$ 85.3	Subtract estimated one-time anomalies due to federal tax reform and one-time business activities, 11% to 14%.
Estimated FY18 Base	\$ 667.3	\$ 690.6	Assumes growth of 4.5% to 8%.

Business Taxes Summary of Estimates for FY19 thru FY21

	A				B				C			
	FY19 Revised				FY20 Growth Range				FY21 Growth Range			
	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
Estimated Base	\$ 700.7	\$ 745.8	\$ 732.3	\$ 727.8	\$ 718.2	\$ 790.5	\$ 790.3	\$ 764.9	\$ 725.4	\$ 814.2	\$ 814.3	\$ 780.2
<i>Growth Range</i>	5.0%	8.0%	-	-	2.5%	6.0%	7.9%	5.1%	1.0%	3.0%	3.0%	2.0%
One-Time Anomalies	\$ 93.4	\$ 117.4	\$ 100.6	\$ 105.4	\$ 14.0	\$ 59.7	\$ 37.6	\$ 47.3	\$ 7.2	\$ 23.7	\$ 15.3	\$ 25.0
<i>Anomalies Range</i>	14.0%	17.0%	-	-	2.0%	8.0%	5.1%	6.5%	1.0%	3.0%	1.9%	3.3%
Rate Reductions	-	-	-	-	\$ (32.4)	\$ (32.4)	\$ (32.4)	\$ (32.4)	\$ (50.4)	\$ (50.4)	\$ (50.4)	\$ (50.4)
Total	\$ 794.1	\$ 863.2	\$ 832.9	\$ 833.2	\$ 699.8	\$ 817.8	\$ 795.5	\$ 779.8	\$ 682.2	\$ 787.5	\$ 779.2	\$ 754.8

DRA Revised Estimated Revenues

	A	B	C				D				E			
1	<i>\$ in Millions</i>		FY19 Revised				FY20 Growth Range				FY21 Growth Range			
2	<i>Business Taxes</i>		<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
3	Estimated Base		\$ 700.7	\$ 745.8	\$ 732.3	\$ 727.8	\$ 718.2	\$ 790.5	\$ 790.3	\$ 764.9	\$ 725.4	\$ 814.2	\$ 814.3	\$ 780.2
4	<i>Growth Range</i>		5.0%	8.0%	-	-	2.5%	6.0%	7.9%	5.1%	1.0%	3.0%	3.0%	2.0%
5	One-Time Anomalies		\$ 93.4	\$ 117.4	\$ 100.6	\$ 105.4	\$ 14.0	\$ 59.7	\$ 37.6	\$ 47.3	\$ 7.2	\$ 23.7	\$ 15.3	\$ 25.0
6	<i>Anomalies Range</i>		14.0%	17.0%	-	-	2.0%	8.0%	5.1%	6.5%	1.0%	3.0%	1.9%	3.3%
7	Rate Reductions		-	-	-	-	\$ (32.4)	\$ (32.4)	\$ (32.4)	\$ (32.4)	\$ (50.4)	\$ (50.4)	\$ (50.4)	\$ (50.4)
8	Total		\$ 794.1	\$ 863.2	\$ 832.9	\$ 833.2	\$ 699.8	\$ 817.8	\$ 795.5	\$ 779.8	\$ 682.2	\$ 787.5	\$ 779.2	\$ 754.8

	FY19	FY19 Revised				FY20 Growth Range				FY21 Growth Range				
9	<i>\$ in Millions</i>	Plan	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>	<i>Low</i>	<i>High</i>	<i>Gov</i>	<i>HR 8</i>
10	Meals & Rentals Tax	\$ 346.5	\$ 348.6	\$ 349.2	\$ 350.0	\$ 350.5	3.0%	5.0%	3.2%	4.3%	0.0%	3.0%	1.0%	5.0%
11	Tobacco Tax	\$ 214.5	\$ 200.7	\$ 201.0	\$ 201.0	\$ 203.1	-2.0%	-0.5%	1.7%	-2.5%	-2.0%	-0.5%	0.8%	-2.5%
12	Interest & Dividends Tax	\$ 98.0	\$ 95.4	\$ 101.1	\$ 102.0	\$ 100.7	1.0%	2.0%	2.9%	1.0%	-1.0%	0.0%	1.4%	0.0%
13	Communications Services Tax	\$ 40.7	\$ 40.7	\$ 41.5	\$ 40.4	\$ 41.3	-9.0%	-5.0%	-8.4%	-9.0%	-9.0%	-5.0%	-8.1%	-9.0%
14	Real Estate Transfer Tax	\$ 164.3	\$ 155.5	\$ 164.3	\$ 161.0	\$ 157.0	1.0%	2.0%	1.4%	1.5%	0.0%	2.0%	0.0%	0.5%
15	Utility Property Tax	\$ 43.4	\$ 38.7	\$ 42.5	\$ 45.4	\$ 39.6	0.5%	2.0%	1.5%	1.3%	0.5%	2.0%	1.5%	1.0%