

PROPOSED SENATE REVENUE PACKAGE

In considering ways to raise additional revenue to support state government, the Senate takes a three-pronged approach. First, one component focuses on current tax preferences or what some have characterized as "tax loopholes." In implementing legislation that narrows or eliminates several tax preferences and provides fair tax treatment where inequities have occurred over time, it is estimated that \$518 million in additional revenue will be raised during the 2009-11 biennium.

The second approach is to impose a temporary sales tax increase to help support K-12 and higher education funding and avoid additional cuts. Specifically, the legislation imposes a temporary additional 0.3 percent sales/use tax from June 1, 2010 through June 30, 2013. The legislation includes a Working Families' tax exemption refund. The estimated \$313 million in additional 2009-11 revenue is intended to maintain funding for state levy equalization to school districts, all-day kindergarten, and state higher education need grants.

Lastly, legislation is proposed that will increase the cigarette tax by \$1 per pack. The funding is designed to preserve healthcare for the working poor by maintaining enrollments in the Basic Health Plan.

Bill	Title	09-11	11-13
SB XXXX	Tax Loopholes	\$518.0	\$1,241.1
SB XXXX	Sales Tax/Working Families	\$313.3	\$613.9
SB XXXX	Cigarette Tax	\$85.7	\$168.0
SB 6118	Convention center taxes	\$10.1	\$24.7
SB 6848	Forest practices applications	\$1.0	\$2.0
SSB 6846	Enhanced 911 services	\$0.3	\$1.3
SB 6853	Tax preferences	\$0.0	\$0.0
SSB 6831	Estates and trusts	\$0.0	\$0.0
SB 6789	Equipment in data centers	\$0.0	\$0.0
SB 6748	Newspaper-labeled supplement	\$0.0	(\$4.2)
ESSB 6737	Air ambulance tax exemption	\$0.0	\$0.0
SSB 6727	Health sciences and services	\$0.0	\$0.0
SSB 6721	Tax statute clarifications	\$0.0	\$0.0
ESSB 6424	Local excise tax authorities	\$0.0	\$0.0
ESSB 6130	Fiscal matters	\$0.0	\$0.0
ESSB 6051	Funding for arts and heritage	\$0.0	\$0.0
SSB 6609	Local government Infrastructure	\$0.0	(\$2.0)
SB 6206	Tax incentive accountability	(\$0.3)	(\$0.7)
SB 6614	BPA programs	(\$0.3)	(\$0.6)
SSB 5899	B & O tax credit	(\$10.0)	(\$10.0)
Total		\$918	\$2,034

**See corresponding chart on following pages*

For a complete description of all the revenue legislation, see appendix C.

Tax Loopholes		
Bill title	2009-11	2011-13
Limiting tax preferences expanded by courts	\$169.4	\$232.7
Eliminating trade-in allowances	\$92.3	\$207.6
Economic nexus	\$73.1	\$374.6
Limiting first mortgage deduction to under \$100 M	\$51.1	\$110.9
Limit exemption on fertilizers and sprays to organic	\$25.3	\$59.4
Non-resident refunds	\$24.4	\$56.1
Repeal preferential rate for prescription drug sales	\$11.8	\$28.0
Addressing tax avoidance	\$11.6	\$54.4
Repealing coal exemption	\$10.0	\$21.0
Property management salary exemption	\$8.3	\$18.0
Increasing urban trans. rate to motor trans. rate	\$7.8	\$16.4
Limiting the wind M&E exemption	\$7.8	\$12.2
Foreclosure exemption	\$6.6	\$12.8
Airplane excise tax taxed like vessels on .5% of value	\$6.3	\$10.8
Corporate officer liability	\$4.5	\$9.7
Corporate board of director fees	\$2.1	\$4.6
Suspend livestock nutrient exemption	\$1.6	\$2.8
Limiting bad debt deduction	\$1.5	\$4.1
PUD privilege tax	\$1.2	\$2.2
Limiting initiation fees and dues deduction to nonprofits	\$1.0	\$2.3
B&O tax on bullion	\$0.3	\$0.5
Community solar projects	\$0.0	\$0.0
Rural county deferral	\$0.0	\$0.0
Brokered natural gas	\$0.0	\$0.0
International investment services	\$0.0	\$0.0
Total	\$518.0	\$1,241.1