

### Commercial Activities Tax (CAT): Option 1A

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

- Flat rate of 0.41%
- Exempts petroleum, medical provider taxpayers, and groceries
- Applies to all entity types
- Includes finance and insurance
- Filing threshold of \$150,000 in receipts
- \$250 minimum 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 Activity Tax	\$ 1,753	\$ 2,702	\$ 2,946	\$ 3,215
Personal Income Tax	\$ (311)	\$ (477)	\$ (521)	\$ (570)
<b>Net Revenue Impact</b>	<b>\$ 1,442</b>	<b>\$ 2,225</b>	<b>\$ 2,425</b>	<b>\$ 2,645</b>

### Modified Commercial Activities Tax (CAT): Option 2A

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

- Flat rate of 0.49%
- Exempts petroleum, medical provider taxpayers, and groceries
- 25% Deduction for business inputs/labor
- Applies to all entity types
- Includes finance and insurance
- Filing threshold of \$150,000 in receipts
- \$250 minimum 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 Activity Tax	\$ 1,722	\$ 2,654	\$ 2,893	#DIV/0!
Personal Income Tax	\$ (311)	\$ (477)	\$ (521)	\$ (570)
<b>Net Revenue Impact</b>	<b>\$ 1,411</b>	<b>\$ 2,177</b>	<b>\$ 2,372</b>	<b>#DIV/0!</b>

# CAT Option 1A

(effective 1-1-2020):

4/8/2019

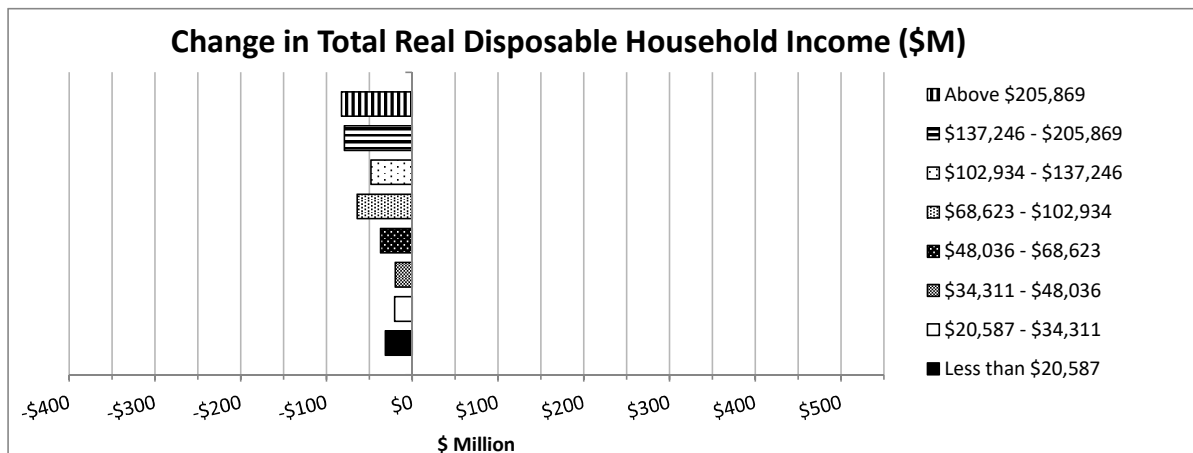
1. Create a Commercial Activities Tax of 0.41% (applied to sales above \$1M)  
Exempt: Petroleum, Medical Provider Taxpayers, and Groceries
2. Change PIT rates from 5 / 7 / 9 / 9.9 to 4.75 / 6.75 / 8.75 / 9.9

2020 Levels				
	Baseline	New Equilibrium	Change From Baseline	Percent Change
<b>Private Sector</b>				
Nominal Personal Income (\$M)	\$222,637	\$222,663	+\$26	+0.01%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,445	+\$27	+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	\$18,541.03	-\$13	-0.07%
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%
<b>Public Sector</b>				
State Spending (\$M)	\$31,491	\$32,507	+\$1,016	+3.23%
GF Revenue (\$M)	\$9,863.73	\$10,884.86	+\$1,021	+10.35%
OF Revenue (\$M)	\$21,627.47	\$21,622.42	-\$5	-0.02%
Local Govt Revenue (\$M)	\$19,146.23	\$19,139.18	-\$7	-0.04%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,351.27	-\$89	-0.22%

Static Revenue Impact (\$ Millions)	+ \$1,019
Dynamic Revenue Impact (\$ Millions)	- \$10
<b>Net Revenue Impact (\$ Millions)</b>	<b>+ \$1,009</b>
General Fund Change (\$ Millions)	+ \$1,021
Other Funds Change (\$ Millions)	- \$5
Local Revenue Change (\$ Millions)	- \$7

## 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	\$40,079	<b>-\$82.4</b>	-0.2%	-187	-\$128
\$137,246 - \$205,869	\$35,370	\$35,291	<b>-\$79.1</b>	-0.2%	-240	-\$204
\$102,934 - \$137,246	\$27,547	\$27,498	<b>-\$48.1</b>	-0.2%	-167	-\$139
\$68,623 - \$102,934	\$33,752	\$33,688	<b>-\$63.9</b>	-0.2%	-207	-\$140
\$48,036 - \$68,623	\$22,269	\$22,232	<b>-\$36.9</b>	-0.2%	-38	-\$132
\$34,311 - \$48,036	\$15,070	\$15,050	<b>-\$19.7</b>	-0.1%	105	-\$139
\$20,587 - \$34,311	\$13,191	\$13,170	<b>-\$20.4</b>	-0.2%	100	-\$133
Less than \$20,587	\$11,111	\$11,080	<b>-\$31.4</b>	-0.3%	-125	-\$113
<b>TOTAL</b>	<b>\$198,471</b>	<b>\$198,089</b>	<b>-\$381.9</b>	<b>-0.2%</b>	<b>-759</b>	



# CAT Option 1AL

(effective 1-1-2020):

4/8/2019

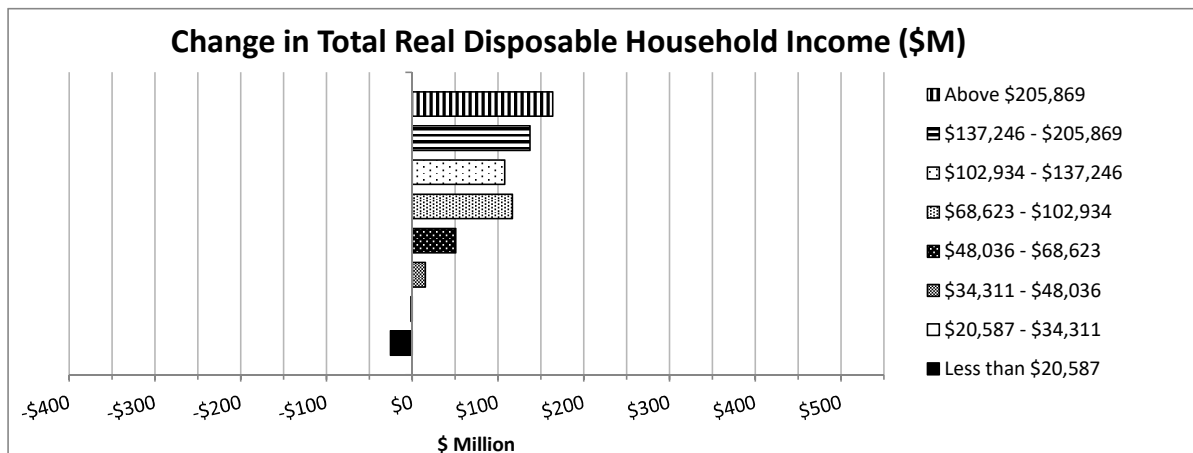
1. Create a Commercial Activities Tax of 0.41% (applied to sales above \$1M)  
Exempt: Petroleum, Medical Provider Taxpayers, and Groceries
2. Change PIT rates from 5 / 7 / 9 / 9.9 to 4.75 / 6.75 / 8.75 / 9.9

2020 Levels				
	Baseline	New Equilibrium	Change From Baseline	Percent Change
<b>Private Sector</b>				
Nominal Personal Income (\$M)	\$222,637	\$223,970	+\$1,333	+0.60%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,694	+\$276	+0.54%
Employment (Thousand)	2,685.0	2,688.6	+3.6	+0.13%
Population (M)	4.330	4.333	+0.003	+0.06%
Investment (\$M)	\$18,554.40	\$18,633.24	+\$79	+0.42%
Wage Index	100.0	100.69	+0.69	+0.69%
Return to Capital	100.0	100.12	+0.12	+0.12%
Price Levels	100.0	100.40	+0.40	+0.40%
<b>Public Sector</b>				
State Spending (\$M)	\$31,491	\$32,645	+\$1,154	+3.66%
GF Revenue (\$M)	\$9,863.73	\$10,981.95	+\$1,118	+11.34%
OF Revenue (\$M)	\$21,627.47	\$21,663.29	+\$36	+0.17%
Local Govt Revenue (\$M)	\$19,146.23	\$19,191.49	+\$45	+0.24%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,779.58	+\$339	+0.84%

Static Revenue Impact (\$ Millions)	+\$1,019
Dynamic Revenue Impact (\$ Millions)	+\$180
Net Revenue Impact (\$ Millions)	+\$1,199
General Fund Change (\$ Millions)	+\$1,118
Other Funds Change (\$ Millions)	+\$36
Local Revenue Change (\$ Millions)	+\$45

## 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	\$40,325	+\$163.8	0.4%	24	\$1,608
\$137,246 - \$205,869	\$35,370	\$35,508	+\$137.2	0.4%	115	\$661
\$102,934 - \$137,246	\$27,547	\$27,654	+\$107.9	0.4%	171	\$450
\$68,623 - \$102,934	\$33,752	\$33,869	+\$116.8	0.3%	322	\$274
\$48,036 - \$68,623	\$22,269	\$22,319	+\$50.7	0.2%	275	\$114
\$34,311 - \$48,036	\$15,070	\$15,085	+\$15.4	0.1%	196	\$9
\$20,587 - \$34,311	\$13,191	\$13,190	-\$1.3	0.0%	141	-\$49
Less than \$20,587	\$11,111	\$11,086	-\$25.4	-0.2%	-125	-\$87
<b>TOTAL</b>	<b>\$198,471</b>	<b>\$199,036</b>	<b>+\$565.1</b>	<b>0.3%</b>	<b>1,120</b>	



# MCAT Option 2A

(effective 1-1-2020):

4/8/2019

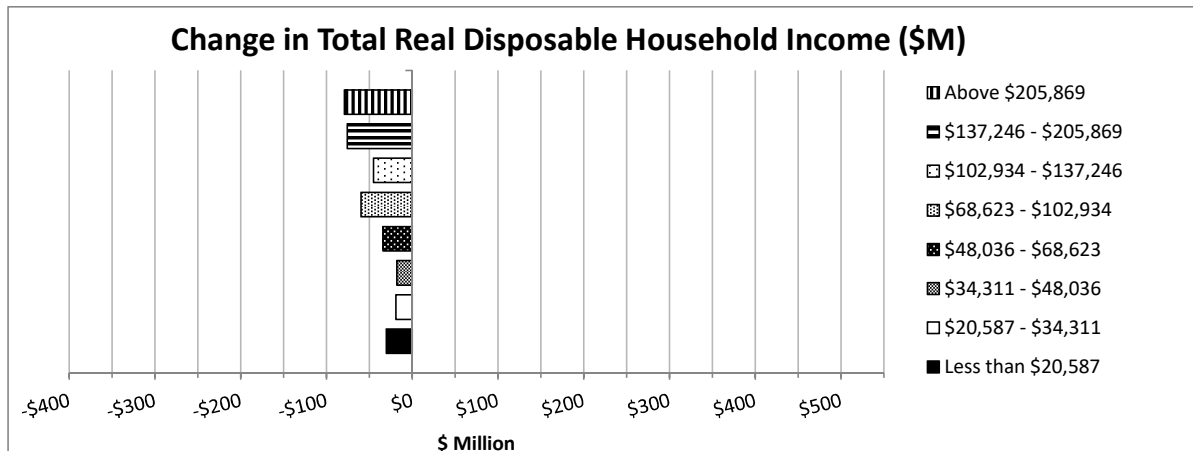
1. Create a Modified Commercial Activities Tax of 0.49% (applied to sales above \$1M)  
 Exempt: Petroleum, Medical Provider Taxpayers, and Groceries  
 Inputs deduction of 25%
2. Change PIT rates from 5 / 7 / 9 / 9.9 to 4.75 / 6.75 / 8.75 / 9.9

2020 Levels				
	Baseline	New Equilibrium	Change From Baseline	Percent Change
<b>Private Sector</b>				
Nominal Personal Income (\$M)	\$222,637	\$222,664	+\$26	+0.01%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,443	+\$25	+0.05%
Employment (Thousand)	2,685.0	2,684.4	-0.6	-0.02%
Population (M)	4.330	4.328	-0.002	-0.04%
Investment (\$M)	\$18,554.40	\$18,540.74	-\$14	-0.07%
Wage Index	100.0	100.00	-0.00	-0.00%
Return to Capital	100.0	99.97	-0.03	-0.03%
Price Levels	100.0	100.32	+0.32	+0.32%
<b>Public Sector</b>				
State Spending (\$M)	\$31,491	\$32,481	+\$990	+3.14%
GF Revenue (\$M)	\$9,863.73	\$10,858.28	+\$995	+10.08%
OF Revenue (\$M)	\$21,627.47	\$21,622.93	-\$5	-0.02%
Local Govt Revenue (\$M)	\$19,146.23	\$19,138.83	-\$7	-0.04%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,356.54	-\$84	-0.21%

Static Revenue Impact (\$ Millions)	+\$993
Dynamic Revenue Impact (\$ Millions)	-\$10
<b>Net Revenue Impact (\$ Millions)</b>	<b>+\$983</b>
General Fund Change (\$ Millions)	+\$995
Other Funds Change (\$ Millions)	-\$5
Local Revenue Change (\$ Millions)	-\$7

### 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	\$40,083	-\$79.0	-0.2%	-180	-\$117
\$137,246 - \$205,869	\$35,370	\$35,295	-\$75.5	-0.2%	-230	-\$192
\$102,934 - \$137,246	\$27,547	\$27,502	-\$44.9	-0.2%	-157	-\$129
\$68,623 - \$102,934	\$33,752	\$33,693	-\$59.7	-0.2%	-191	-\$132
\$48,036 - \$68,623	\$22,269	\$22,235	-\$34.0	-0.2%	-24	-\$125
\$34,311 - \$48,036	\$15,070	\$15,052	-\$17.8	-0.1%	112	-\$132
\$20,587 - \$34,311	\$13,191	\$13,172	-\$18.8	-0.1%	107	-\$126
Less than \$20,587	\$11,111	\$11,081	-\$30.1	-0.3%	-120	-\$109
<b>TOTAL</b>	<b>\$198,471</b>	<b>\$198,111</b>	<b>-\$359.8</b>	<b>-0.2%</b>	<b>-685</b>	



# MCAT Option 2AL

(effective 1-1-2020):

4/8/2019

1. Create a Modified Commercial Activities Tax of 0.49% (applied to sales above \$1M)  
Exempt: Petroleum, Medical Provider Taxpayers, and Groceries  
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
<b>Private Sector</b>				
Nominal Personal Income (\$M)	\$222,637	\$223,943	+\$1,306	+0.59%
Nominal per capita Personal Income (\$M)	\$51,417	\$51,686	+\$269	+0.52%
Employment (Thousand)	2,685.0	2,688.7	+3.7	+0.14%
Population (M)	4.330	4.333	+0.003	+0.06%
Investment (\$M)	\$18,554.40	\$18,631.05	+\$77	+0.41%
Wage Index	100.0	100.66	+0.66	+0.66%
Return to Capital	100.0	100.11	+0.11	+0.11%
Price Levels	100.0	100.39	+0.39	+0.39%
<b>Public Sector</b>				
State Spending (\$M)	\$31,491	\$32,616	+\$1,125	+3.57%
GF Revenue (\$M)	\$9,863.73	\$10,953.24	+\$1,090	+11.05%
OF Revenue (\$M)	\$21,627.47	\$21,662.96	+\$35	+0.16%
Local Govt Revenue (\$M)	\$19,146.23	\$19,190.05	+\$44	+0.23%
Federal Tax Paid by Oregonians (\$M)	\$40,440.42	\$40,776.08	+\$336	+0.83%

Static Revenue Impact (\$ Millions)	+\$993
Dynamic Revenue Impact (\$ Millions)	+\$176
Net Revenue Impact (\$ Millions)	+\$1,169
General Fund Change (\$ Millions)	+\$1,090
Other Funds Change (\$ Millions)	+\$35
Local Revenue Change (\$ Millions)	+\$44

## 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	+\$162.1	0.4%	27	\$1,583
\$137,246 - \$205,869	\$35,370	\$35,507	+\$136.4	0.4%	117	\$654
\$102,934 - \$137,246	\$27,547	\$27,654	+\$107.9	0.4%	176	\$447
\$68,623 - \$102,934	\$33,752	\$33,870	+\$117.3	0.3%	326	\$274
\$48,036 - \$68,623	\$22,269	\$22,320	+\$51.8	0.2%	282	\$116
\$34,311 - \$48,036	\$15,070	\$15,086	+\$16.6	0.1%	203	\$13
\$20,587 - \$34,311	\$13,191	\$13,191	-\$0.1	0.0%	147	-\$44
Less than \$20,587	\$11,111	\$11,087	-\$24.3	-0.2%	-120	-\$83
<b>TOTAL</b>	<b>\$198,471</b>	<b>\$199,039</b>	<b>+\$567.8</b>	<b>0.3%</b>	<b>1,157</b>	

