SENATE FISCAL AGENCY
MEMORANDUM

DATE: March 20, 2007

TO: Members of the Michigan Senate

FROM: Jay Wortley, Senior Economist
Stephanie Yu, Fiscal Analyst
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RE: Summary of Governor's Tax Reform Package

As part of the recommendation for the FY 2007-08 budget and to address a projected revenue shortfall in the FY 2006-07 budget, the Governor is recommending a number of new tax proposals. The major components of this tax restructuring plan include:

- a new business tax, the Michigan Business Tax (MBT), to replace the single business tax (SBT);
- a 2.0% tax on the sales price of a wide variety of services, excluding a number of health care and education-related services;
- a proposal to reinstate Michigan's estate tax by separating it from current Federal law;
- a five-cent per pack increase in the tax rate on cigarettes and a doubling of the tax on other tobacco products;
- an increase in the markup the State charges for liquor;
- a variety of smaller tax increases, primarily through changing certain exemptions or provisions in the sales tax and/or use tax;
- a sales tax reduction for new vehicle purchases involving a trade-in vehicle; and
- increased penalties for delinquent taxpayers.

These changes are expected to generate $526.0 million in revenue during FY 2006-07 and almost $2.7 billion during FY 2007-08. The major features of this proposal are summarized below, while the revenue impact of the bills is summarized in two tables: Table 1 (for FY 2006-07) and Table 2 (for FY 2007-08).

Senate Bill 306: The Michigan Business Tax (MBT)

This proposed new tax represents a new approach to taxing business. The SBT is a modified value-added tax and the primary component of the tax base is the compensation businesses pay to their workers. The Proposed MBT would not be based on value added, but instead would be based on a combination of income, gross receipts, and assets.

The tax base of the MBT would consist of three items:

- Gross Receipts: total receipts a business receives for goods sold and services provided.
- Assets: the value of such items as buildings and equipment, land, cash, trade notes and accounts receivable, mortgage and real estate loans, and intangible assets. It would not include U.S. Treasury obligations, tax exempt securities or inventory.
- Business Income: the profit a business receives from its business activity.

The business income component of the tax base would be weighted more than gross receipts and assets. The business income portion would be multiplied by a factor of 15 and then would be added to the gross receipts and assets components to equal the tax base. The tax rate for the MBT would equal 0.125%. Given the extra weight placed on business income, the effective tax rates on each of the tax base components would be 0.125% on both gross receipts and assets, and 1.875% (0.125% times 15) on business income.

Apportionment Formula

In order to determine the portion of a multi-state's total national tax base (U.S. gross receipts, assets, and business income) that would be attributable to Michigan activity and therefore subject to the MBT, their national tax base would be apportioned using the percentage of their total U.S. sales that occur in Michigan. This 100% sales factor compares with the current apportionment factor under the SBT equal to 92.5% sales and 3.75% each on the percentage of payroll and property in Michigan.

Alternative Small Business Tax

Under the SBT, businesses with gross receipts less than $10.0 million and pay less than $115,000 in compensation to their owners may pay a tax equal to 2.0% of their business income. This provision would be maintained under the MBT; however, the tax rate would be reduced to 1.8%.

Filing Threshold

Under the SBT, businesses with gross receipts of $350,000 or less do not have to file a SBT return, but businesses with gross receipts of $350,001 are liable for the tax on the entire $350,001. This is referred to as a "tax cliff". The MBT would maintain the $350,000 gross receipts filing threshold, but would eliminate this "tax cliff" by phasing in the tax liability for businesses with gross receipts between $350,000 and $700,000.

Insurance Companies

Under current law, insurance companies based in Michigan pay a tax equal to 1.07% of their gross receipts from selling insurance premiums, but this tax then is offset by various tax credits they receive for making required payments or assessments into special State-required insurance funds. Insurance companies that sell insurance in Michigan but are based in other states pay a tax equal to the greater of this tax assessed on Michigan insurance companies or a retaliatory tax under which the out-of-state insurance company would be taxed in the same way that their home state taxes Michigan-based insurance companies. The MBT would increase the tax rate on Michigan insurance companies to 1.25% and the special tax credits would be eliminated. The retaliatory tax would not be changed.

The current tax on insurance companies is also levied in lieu of all other taxes other than taxes on real and personal property. This provision also includes the sales and use taxes and thus exempts insurance companies from paying those taxes, even when making purchases from out-of-state retailers or when they sell property at retail. The MBT reduces the taxes covered by the "in lieu of" provision to also exclude the sales tax and the use tax. The proposal is expected to generate about $2.5 million in General Fund revenue and $1.2 million in School Aid Fund revenue if in effect for all of FY 2007-08. The Governor's presentation indicated an effective date for this provision of

June 1, 2007. However, because the changes are part of the MBT, they would not be effective until January 1, 2008.

Personal Property Tax Reduction

Under current law, personal property (including such items as equipment, machinery, furniture, and computers) owned by businesses is subject to property taxes including the 6-mill ($6 per $1,000 of taxable value) State education tax and the 18-mill local school tax. As part of the MBT proposal, personal property owned by industrial and commercial classified businesses would be exempt from the 6-mill State education tax and the 18-mill local school tax—although the changes are presented in Senate Bills 308 through 311 rather than in Senate Bill 306. The loss of State education tax revenue would directly reduce SAF revenue and the loss of the 18-mill school property tax revenue would directly reduce local school revenue, which would automatically increase State school aid payments from the SAF. The SAF would be held harmless from the loss in revenue and the increase in expenditures as a result of the increased revenue generated by the services tax proposed in Senate Bill 307, which would more than offset the revenue loss due to the personal property tax exemption.

Economic Development Incentives

The MBT would retain all current Michigan Economic Growth Authority (MEGA), Brownfield, and historic preservation tax credits. Credits already granted under the SBT would be claimed under the MBT and new credits would continue to be issued. In addition, a new MEGA credit for research and development would be created. This new credit would be granted by MEGA to businesses to help fund R&D activity at a partnering Michigan small business. A single credit would be capped at $500,000.

Fiscal Impact

Based on the Treasury Department's analysis, these changes proposed in Michigan's business tax structure would generate $1.1 billion in FY 2007-08, a decline of almost $480.0 million compared with estimated full-year revenue were the SBT to remain in effect and absent changes in insurance or property taxes. The Department of Treasury estimates that approximately 112,000 businesses would realize a tax reduction under this bill, while 33,000 would experience a tax increase. In addition, it is estimated that businesses based in Michigan would realize a net tax reduction of somewhere between $214.5 million and $293.7 million.

One-Time Revenue Gain

While the proposed tax changes result in no net change in revenue on a calendar year basis, the Treasury Department is estimating that the timing of the tax changes and the SAF reimbursement would generate a one-time revenue gain of about $409.2 million in FY 2007-08. This gain would result from the fact that the increased revenue from the new Michigan Business Tax would begin to be collected in FY 2007-08 (the first quarterly payment would be due in April 2008), but the reimbursement to the SAF would not occur until October 2008, which falls in FY 2008-09. This one-time accounting gain would only occur in FY 2007-08.

Senate Bill 307: Services Tax

This bill would create a new tax on services. The rate of this tax would be 2.0% and the tax would be assessed on consumers and businesses when they purchase a service. This tax would apply to most services excluding medical and education-related services, and services purchased by governments and nonprofit organizations. Some of the items that would be taxed under this proposed tax are construction labor charges and services; accountant services; lawyer services; admissions to events such as professional sports, movies, and theaters; golf courses; real estate agent commissions; insurance agents; dry cleaning services; hair care services; and the labor component of repair services. An estimated 70.0% of the receipts that would be generated by this tax would be paid by businesses and about 30.0% would be paid by consumers. This tax would go into effect on June 1, 2007.

It is estimated that this bill would generate $476.9 million in FY 2006-07 and $1.47 billion in FY 2007-08. In FY2006-07, FY 2008-09, and each fiscal year after FY 2008-09, 64.3% of the revenue would go the General Fund and 35.7% would to the School Aid Fund. In FY 2007-08 only, 50.9% of the revenue would go to the General Fund, 39.4% to the School Aid Fund, and 9.7% to the Michigan Medicaid Benefits Trust Fund.

Senate Bills 308, 309, 310, and 311: Personal Property Tax Exemption

These bills would exempt industrial and commercial personal property from the 18-mill local school property tax (S.B. 308), the 6-mill State education tax (S.B. 309), and the school portion of the industrial facilities tax. Senate Bill 311 amends the General Property Tax Act related to providing this exemption to the 18-mill local school tax and the 6-mill State education tax. These bills would go into effect for taxes levied after December 31, 2007. The exemptions for 6-mill State education property tax and industrial facilities tax would reduce School Aid Fund revenue an estimated $203.4 million in FY 2007-08. The loss of revenue resulting from the proposed exemption for the 18-mill local school tax would reduce local school property tax revenue, but because of the State's guaranteed foundation allowance, this loss in revenue would all be made up through higher School Aid Fund expenditures to school districts; however, this increase in School Aid Fund expenditures would not begin to occur until FY 2008-09.

Senate Bills 312 and 313: Property Taxes on Commercial Rental Property

Legislation implementing Proposal A of 1994 specified that in calculating the cap on annual taxable value increases, both increases and decreases in occupancy would be treated differently than other types of changes that would affect market value for other types of property. A 2002 Michigan Supreme Court decision invalidated the provisions affecting increases due to occupancy changes, but not the provisions related to decreases. The legislation would exempt commercial rental property from the General Property Tax Act and create a new specific tax where occupancy changes would be treated symmetrically. The changes would both increase State Education Tax revenue and reduce School Aid Fund expenditures (higher local property tax revenue would reduce the revenue needed from the School Aid Fund in order to meet per pupil funding guarantees) by approximately $5.0 million during FY 2007-08. Senate Bill 312 levies the specific tax on commercial rental property. Senate Bill 313 provides for the exemption of commercial rental property from the General Property Tax Act.

Senate Bill 314: Michigan Estate Tax Act

Current Michigan law provides an estate tax liability based on the amount of the Federal credit allowed for estate or inheritance taxes paid to a state. In 2001, the Federal estate tax was changed and the credit was phased out, effectively eliminating the Michigan estate tax. This bill would base the liability on the credit that was allowed prior to the 2001 changes. In addition, this bill would allow an unlimited subtraction from the value of a taxable estate for the value of all qualified family-owned business interests, as defined by Federal law, and would exempt all estates with a taxable value of less than $2.0 million. The bill is expected to increase revenue $119.2 million in FY 2007-08.

Senate Bills 315, 319, and 322: Eliminate Sales and Use Tax Exemptions for Interstate Trucks

Under current law, a special exemption from the sales and use taxes is granted for interstate motor carriers when purchasing or leasing trucks and/or trailers. To qualify for this exemption a motor carriers' fleet mileage must be at least 10.0% outside of Michigan. Under these bills, the exemption would still be available, but it would be pro-rated based on the percentage of miles driven outside of Michigan, effective June 1, 2007. These proposed changes would increase sales and use tax revenue an estimated $5.5 million in FY 2006-07 and $16.9 million in FY 2007-08.

Senate Bill 316: Tax on Prisoner Purchases

This bill would eliminate a sales tax exemption granted to purchases made by prisoners in a penal or correctional institution. This current exemption would be repealed effective June 1, 2007. It is estimated that the elimination of this sales tax exemption would increase revenue about $0.2 million in FY 2006-07 and $0.7 million in FY 2007-08. This gain in revenue would primarily affect the School Aid Fund and revenue sharing.

Senate Bills 317 and 320: Eliminate Sales and Use Tax Exemptions for Vending Machine Purchases

Under current law, certain items purchased through a vending machine or mobile vendor operator are exempt from the sales and use taxes, including soft drinks, candy, chips, and gum. This bill would repeal these exemptions effective June 1, 2007. The repeal of these sales and use tax exemptions would generate an estimated $8.8 million In FY 2006-07 and $27.2 million in FY 2007-08. Most of the revenue generated under this bill would go to the School Aid Fund and revenue sharing.

Senate Bill 318: New Sales Tax Exemption for Vehicles Traded In

Currently, when an individual purchases a new vehicle and trades a vehicle in as part of the transaction, the sales tax is based on the price of the new vehicle regardless of the net transaction price after figuring in the value of the traded-in vehicle. This bill would change the sales tax calculation when a new vehicle transaction includes a trade-in vehicle by assessing the sales tax on the new vehicle price less the value of the traded in vehicle. This proposed exemption, called "sales tax on the difference" would only apply to new vehicle transactions conducted through a new vehicle dealer. The bill does not specify an effective date, but according to the Department of Treasury the intention is to have an effective date of October 1, 2007. This bill would reduce sales tax revenue an estimated $175.0 million in FY 2007-08. Most of this loss in revenue would have an impact on the School Aid Fund, but revenue sharing and the General Fund would also experience a reduction in revenue.

Senate Bill 321: Eliminate Use Tax Exemption for Certain Long-Distance Calls

Under current law, interstate long-distance calls are subject to the use tax, but certain other types of calls are exempt from the use tax including wide area telecommunication services (WATS), interstate private networks, and international calls. This bill would tax these particular types of calls beginning June 1, 2007. The only other major type of telephone call that would still be exempt from the use tax would be "800" prefix services. It is estimated this change in the use tax would generate about $4.9 million in FY 2006-07 and $15 million in FY 2007-08. Sixty-seven percent of this loss in revenue would impact the General Fund and the remaining 33.0% would have an impact on the School Aid Fund.

Senate Bill 323: Property Tax on Water Conditioning Systems

Public Act 582 of 1996 exempted water conditioning systems (such as water softeners) used in residential dwellings from the property tax. This bill would repeal that exemption and is expected to both increase State Education Tax revenue and reduce School Aid Fund expenditures by a total of $0.3 million during FY 2007-08.

Senate Bill 324: Increase Tax Penalties

The bill would reinstate tax penalties that were in place prior to 2003 for late payment of income withholding, sales, and use taxes. These penalties would include:

- A penalty of 25.0% of taxes due for notices of intent to assess for income tax withholding, sale taxes or use tax liability in excess of $300 or more issued after February 28, 2003. The current penalty is $50.
- A penalty of $10 or five percent of the tax due, whichever is greater, for the first month, and 5.0% for each additional month, to a maximum of 50.0% , for failure to file or pay income tax withholding, sales taxes, and use tax liabilities of $300 or more for notices of intent to assess issued after February 28, 2003. The current penalty is 5.0% for the first two months and 5.0% for each additional month, to a maximum of 25.0%.

These penalties would apply to notices of intent to assess issued after February 28, 2003, and paid after June 1, 2007. An effective date of June 1, 2007, for these penalties would yield an estimated $1.7 million in revenue in FY 2006-07 and $5.1 million in FY 2007-08. This new revenue would be credited to the General Fund.

Senate Bill 325: Nexus Standards for Michigan Taxes

A state is allowed to levy a tax upon a business only if the business has a sufficient economic connection to the state, termed Nexus. Some multi-state businesses alter their organizational forms or structure in order to take advantage of differing nexus provisions and escape paying various taxes, particularly the use tax. The bill would create standards for nexus to define when an affiliate of a business could be taxable under Michigan law. Generally, under the bill, affiliates that shared trademarks, paid for each other's services, and/or shared common or coordinated business plans with a business in Michigan would be deemed to also have Nexus. This bill would increase

School Aid Fund revenue an estimated $1.2 million and General Fund revenue $2.4 million during FY 2007-08.

Senate Bills 326 and 327: Eliminate Oil and Gas Production Expense Deduction

Income generated from oil and natural gas production is taxed under Michigan's oil and gas severance tax and is not also subject to the income tax. However, the calculation of adjusted gross income, which is based on the Federal definition of adjusted gross income, includes a deduction for expenses incurred in the production of oil and natural gas. These bills would eliminate this deduction in order to treat these expenses consistent with the fact that the income generated from oil and gas production is not taxed under Michigan's income tax. The elimination of the deduction would begin after December 31, 2007. This proposed change to the income tax would generate an estimated $3.9 million in FY 2007-08.

Senate Bill 328: Increase Tobacco Taxes

At the present time, Michigan's tax on cigarettes is $2.00 per pack and the tax on other tobacco products, such as cigars, chewing tobacco, and pipe tobacco, is 32.0% of the wholesale price. This bill proposes to increase the tax on cigarettes by 5 cents per pack and increase the tax onother tobacco products to 64.0% of wholesale prices. These proposed tax increases would go into effect June 1, 2007. It is estimated that the proposed increase in the cigarette tax would generate $8.5 million in FY 2006-07 and $21.0 million in FY 2007-08. The doubling of the tax on other tobacco products would produce an estimated $9.6 million in FY 2006-07 and $36.6 million in FY 2007-08. The bill earmarks this new revenue to the General Fund, but according to the Treasury Department the intention is to earmark this revenue to the Medicaid Benefits Trust Fund.

Senate Bill 339: Increase in State Markup of Liquor Prices

Michigan State Government is the wholesaler of liquor to all restaurants, bars, grocery stores, party stores, and other retailers of liquor. Under current law, the Liquor Control Commission, which operates the State's liquor business, may sell liquor at a price that includes a markup anywhere from 51.0% to 65.0% and current prices reflect a 65.0% markup. This bill would increase the upper range of the price markup to 75.0%. The bill does not include an effective date, but if it went into effect June 1, 2007, it would generate an estimated $8.8 million in FY 2006-07 and $27.1 million in FY 2007-08. The bill does not specify where the money would be earmarked, but according to the Treasury Department, the intention is to earmark the revenue to the School Aid Fund.

We hope you find this information helpful. If you have any questions please let us know.

/kjh

Attachments

c: Gary S. Olson, Director
Ellen Jeffries, Deputy Director

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Table 1

Governor's Proposed Tax Policy Changes - FY 2006-07 Estimated Fiscal Impacts*
(Dollars in Millions)

Tax Proposal	GF/GP	SAF	Revenue Sharing	Medicaid Trust Fund	Other	Total
SBT Replacement						
Michigan Business Tax[1)] (S.B. 306)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Insurance Tax: Rate Increase[1)] (S.B. 306)	0.0	0.0	0.0	0.0	0.0	0.0
Personal Property Tax Exemption[1)] (S.B. 308, 309, 310, 311)	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal SBT Replacement	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Increases						
2.0% Services Tax[2)] (S.B. 307)	$306.7	$170.2	$0.0	$0.0	$0.0	$476.9
Commercial Rental Prop Tax[1)] (S.B. 312 & 313)	0.0	0.0	0.0	0.0	0.0	0.0
Estate Tax: Decouple from Fed Tax[3)] (S.B. 314)	0.0	0.0	0.0	0.0	0.0	0.0
Liquor Markup Increase[2)] (S.B. 339)	(0.2)	9.2	0.0	0.0	(0.2)	8.8
Cigarette Tax Increase: $0.05/pack[2)] (S.B. 328)	0.0	0.0	0.0	8.5	0.0	8.5
Other Tobacco Products Tax[2)] (S.B. 328)	0.0	0.0	0.0	9.6	0.0	9.6
Other Tax Increase and "Loophole" Closings:						
Tax International & Other Calls (use tax)[2)] (S.B. 321)	3.3	1.6	0.0	0.0	0.0	4.9
Interstate Trucks: Cut Sales/Use Exemption[2)] (S.B. 315, 319, 322)	3.7	1.8	0.0	0.0	0.0	5.5
Tax Prisoner Purchases[2)] (S.B. 316)	0.1	0.1	0.0	0.0	0.0	0.2
Tax Insurance Co. Out-of-State Purchases (use tax)[6)]	0.0	0.0	0.0	0.0	0.0	0.0
Repeal Oil & Gas Income Tax Deduction[4)] (S.B. 326 & 327)	0.0	0.0	0.0	0.0	0.0	0.0
Tax Vended Foods (sales tax)[2)] (S.B. 317 & 320)	2.3	6.5	0.0	0.0	0.0	8.8
Tax Water Softeners (property tax)[1)] (S.B. 323)	0.0	0.0	0.0	0.0	0.0	0.0
Tax Affiliates w/ Nexus in MI (use tax)[2)] (S.B. 325)	0.8	0.4	0.0	0.0	0.0	1.2
Increase Penalties on Delinquent Taxes[2)] (S.B. 324)	1.7	0.0	0.0	0.0	0.0	1.7
Subtotal Other Tax Increases	11.8	10.4	0.0	0.0	0.0	22.3
Subtotal Tax Increases	$318.3	$189.8	$0.0	$18.1	$(0.2)	$526.0
Tax Decreases:						
Sales Tax Exemption on Trade-In Value[5)] (S.B. 318)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Change Due To Tax Policy Changes	**$318.3**	**$189.8**	**$0.0**	**$18.1**	**($0.2)**	**$526.0**

* Change in revenue from the consensus revenue estimates adopted January 18, 2007.

1) Effective date January 1, 2008. 2) Effective date June 1, 2007. 3) Effective for deaths occurring on or after April 1, 2007. 4) 2007 tax year, but the first impact would be in FY 2007-08 when 2007 tax returns are filed. 5) Effective date October 1, 2008. 6) Intended to begin June 1, 2007, but would begin January 1, 2008, under S.B. 306.

Table 2

Governor's Proposed Tax Policy Changes
FY 2007-08 Estimated Fiscal Impacts*
(Dollars in Millions)

Tax Proposal	GF/GP	SAF	Revenue Sharing	Medicaid Trust Fund	Other	Total
SBT Replacement						
Michigan Business Tax[1)] (S.B. 306)	$1,249.4	$0.0	$0.0	$0.0	$0.0	$1,249.4
Insurance Tax: Rate Increase[1)] (S.B. 306)	40.0	0.0	0.0	0.0	0.0	40.0
Personal Property Tax Exemption[1)] (S.B. 308, 309, 310, 311)	0.0	(203.4)	0.0	0.0	0.0	(203.4)
Subtotal SBT Replacement	$1,289.4	$(203.4)	$0.0	$0.0	$0.0	$1,086.0
Tax Increases						
2.0% Services Tax[2)] (S.B. 307)	$750.2	$580.7	$0.0	$143.0	$0.0	$1,473.9
Commercial Rental Prop Tax[1)] (S.B. 312 & 313)	0.0	5.0	0.0	0.0	0.0	5.0
Estate Tax: Decouple from Fed Tax[3)] (S.B. 314)	0.0	119.2	0.0	0.0	0.0	119.2
Liquor Markup Increase[2)] (S.B. 339)	(0.6)	28.3	0.0	0.0	(0.6)	27.1
Cigarette Tax Increase: $0.05/pack[2)] (S.B. 328)	0.0	0.0	0.0	21.0	0.0	21.0
Other Tobacco Products Tax[2)] (S.B. 328)	0.0	0.0	0.0	36.6	0.0	36.6
Other Tax Increases and "Loophole" Closings:						
Tax International & Other Calls (use tax) [2)] (S.B. 321)	10.0	5.0	0.0	0.0	0.0	15.0
Interstate Trucks: Cut Sales/Use Exemption[2)] (S.B. 315, 319, 322)	11.3	5.6	0.0	0.0	0.0	16.9
Tax Prisoner Purchases[2)] (S.B. 316)	0.0	0.5	0.2	0.0	0.0	0.7
Tax Ins. Co. Out-of-State Purchases (use tax) [2)] (S.B. 306)	2.5	1.2	0.0	0.0	0.0	3.7
Repeal Oil & Gas Income Tax Deduction[4)] (S.B. 326 & 327)	2.9	1.0	0.0	0.0	0.0	3.9
Tax Vended Foods (sales tax) [2)] (S.B. 317 and 320)	0.6	20.0	6.6	0.0	0.0	27.2
Tax Water Softeners (property tax) [1)] (S.B. 323)	0.0	0.3	0.0	0.0	0.0	0.3
Tax Affiliates w/ Nexus in MI (use tax) [2)] (S.B. 325)	2.4	1.2	0.0	0.0	0.0	3.6
Increase Penalties on Delinquent Taxes[2)] (S.B. 324)	5.1	0.0	0.0	0.0	0.0	5.1
Subtotal Other Tax Increases	34.2	34.5	6.8	0.0	0.0	75.5
Subtotal Tax Increases	$783.8	$768.0	$6.8	$200.6	$(0.6)	$1,758.3
Tax Decreases:						
Sales Tax Exemption on Trade-In Value[5)] (S.B. 318)	$(15.0)	$(128.3)	$(31.8)	$0.0	$0.0	$(175.0)
Net Change Due To Tax Policy Changes	**$2,058.2**	**$436.0**	**($25.0)**	**$200.6**	**($0.6)**	**$2,669.2**

* Change in revenue from the consensus revenue estimates adopted January 18, 2007. The consensus revenue estimates include the impact of repealing the SBT effective December 31, 2007.

[1)] Effective date January 1, 2008. [2)] Effective date June 1, 2007. [3)] Effective for deaths occurring on or after April 1, 2007. [4)] 2007 tax year, but the first impact would be in FY 2007-08 when 2007 tax returns are filed. [5)] Effective date October 1, 2008.