

Repeal preferential B&O tax rate for international investment management (increase rate from 0.275% to 1.5%)

Description This proposal increases the B&O rate for international investment management firms from 0.275% to 1.5%.

Current Law “Investment management services” includes investment research, investment consulting, portfolio management, fund administration, fund distribution, investment transactions, and related investment services.

A business provides “international investment management services” if at least 10% of its gross income is from providing investment management services to persons or collective investment funds residing outside the United States or to persons or collective investment funds with at least 10% of their investments located outside the United States.

Income from international investment services is subject to B&O tax at the rate of 0.275%

Revenue Impact

General Fund Impacts (\$ millions):

| Fiscal Year 2012 | Fiscal Year 2013 | 2011-2013 Biennium |
|---------------------|---------------------|-----------------------|
| \$0 | \$8.3 | \$8.3 |

Notes:

- *Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.*
- *Estimates reflect the November 2010 revenue forecast by the Forecast Council.*

Expenditure Impact

| Fiscal Year 2012 | Fiscal Year 2013 | 2011-2013 Biennium |
|---------------------|---------------------|-----------------------|
| TBD | TBD | TBD |