

Limit B&O tax exemption for individual earnings to \$250,000

Description This proposal would extend the state's B&O tax to compensation earned as an employee by any individual who earns \$250,000 or more in wages during a calendar year. This income would be subject to service and other activities B&O tax at a rate of 1.8% (1.5% as of July 1, 2013).

Current Law Amounts earned by employees are exempt from B&O tax.

Revenue Impact General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$48.6	\$48.6

Notes:

- *Estimates assume:*
 - *A July 1, 2012, effective date (The threshold would be determined using the entire 2012 calendar year wages, but tax would apply only to wages earned on July 1, 2012 and after.)*
 - *Taxpayers would file annually in April of each year.*
 - *Joint filing would be allowed with a threshold of \$500,000 per couple.*
 - *Estimates reflect the September 2011 revenue forecast.*
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Expenditure Impact

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