

CALIBRATION CALCULATIONS FOR WASHINGTON STATE TAXES
Calendar Year 2005/One Percent Increments

	Calendar 2005 Tax Base	Tax Rate	Calendar 2005 Tax Yield
Existing Tax Changes			
B&O Surtax	AB&O surtax would impose a proportional increase in the tax. <ul style="list-style-type: none"> • B&O tax - \$2.3 billion • B&O gross - \$480 billion 	1% surtax	\$23.04 million gain
Public Utility Surtax	A PUTsurtax would impose a proportional increase in the tax. <ul style="list-style-type: none"> • PUT - \$274.8 million • PUT gross - \$7,760 million 	1% surtax	\$2.79 million gain

Major Replacement Tax Changes

Valued added tax	GSP less govt. - \$191.0 billion*	1%	\$1.91 billion*
Corporate income tax, "C" and "S" corporations	\$14.378 billion	1%	\$143.8 million gain
Corporate income tax, "C" corps only	\$10.496 billion	1%	\$105.0 million gain
Flat rate personal income, tax, no exemptions	\$163.9 billion	1%	\$1.639 billion gain
Flat rate personal income, tax, \$5,000/exemption	\$135.6 billion	1%	\$1.356 billion gain

*Impacts are based on calibrations by Neil Bruce. All others are the estimates based on the results of Department simulation modeling.

CALIBRATIONS FOR INCREASING/DECREASING THE SALES TAX

Raise Sales Tax by .1% Increments

Decrease Sales Tax by .1% Increments

New RST Rate	Increase In Revenues in Millions \$	New RST Rate	Decrease In Revenues in Millions \$
0.066	95.83	0.064	(96.027)
0.067	191.45	0.063	(192.246)
0.068	286.87	0.062	(288.659)
0.069	382.08	0.061	(385.265)
0.070	477.09	0.060	(482.065)
0.071	571.89	0.059	(579.060)
0.072	666.49	0.058	(676.251)
0.073	760.88	0.057	(773.637)
0.074	855.07	0.056	(871.220)
0.075	949.05	0.055	(969.000)
0.076	1,042.83	0.054	(1,066.978)
0.077	1,136.40	0.053	(1,165.154)
0.078	1,229.76	0.052	(1,263.529)
0.079	1,322.92	0.051	(1,362.103)
0.080	1,415.88	0.050	(1,460.878)
0.081	1,508.63	0.049	(1,559.854)
0.082	1,601.18	0.048	(1,659.031)
0.083	1,693.52	0.047	(1,758.409)
0.084	1,785.65	0.046	(1,857.991)
0.085	1,877.58	0.045	(1,957.776)

Because of price elasticity, revenues increase at a decreasing rate as the tax rate increases, and decrease at a decreasing rate as the tax rate decreases.

**FORECASTS OF WASHINGTON MAJOR TAXES
CALENDAR YEAR 2005**

The following are estimates of Washington State's major tax revenues based on forecasts by the Office of the Forecast Council in June 2002 Forecast. All amounts are for Calendar Year 2005.

	(millions)
State Retail Sales/Use Tax	\$6,693.8
Local Retail Sales/Use Tax	\$1,996.7
State B&O Tax	\$2,304.3
State Public Utility Tax	\$ 279.4
State Property Tax	\$1,573.1