

Revenue Generated from Incremental Tax Changes
 FY 2015 Estimates for Income, Property, Sales, and Gas Taxes

Tax Category	Estimated Amount
Income Tax	
Increase 1 Percent - To 6 Percent	\$585,000,000
<i>Potential Tax Policy Changes</i>	
Eliminate Mortgage Interest Deduction	\$119,000,000
Eliminate Charitable Contribution Deduction	\$98,000,000
Reduce or Eliminate Personal Exemptions:	
No Allowable Exemptions	\$400,000,000
Two Allowable Exemptions	\$153,000,000
Four Allowable Exemptions	\$46,000,000
Property Tax	
Increase \$100 Per Residence & Business	\$120,000,000
<i>Potential Tax Policy Changes</i>	
Freeze the Basic Rate at 0.001535	\$12,000,000
Eliminate Primary Residence Benefit ⁽⁴⁾	\$565,000,000
Sales Tax	
Increase 1 Percent ⁽¹⁾	\$515,000,000
<i>Potential Tax Policy Changes</i>	
Sales Tax Earmarks ⁽³⁾ - For Each 1% Increment:	(\$113,300,000)
Net New Available Revenue:	\$401,700,000
Gas Tax	
Increase 1 Cent - To 25.5 Cents per Gallon ⁽²⁾	\$10,000,000

Notes:

1. The State sales tax rate varies depending on product being taxed. Specifically, food is taxed at 1.75 percent, electricity is taxed at 2 percent, and everything else is taxed at 4.7 percent. The estimated revenue amount is based on increasing all sales tax types and before current earmarks in statute.
2. Including special fuels (jet fuel, diesel, natural, etc.) would increase this estimate. Currently, both gasoline and special fuels are taxed at 24.5 cents per gallon.
3. The Legislature has instituted sales tax earmarks in three areas: transportation, water, and emergency food. Assuming a \$100.0 million sales tax increase, approximately \$22.0 million of the new revenue would be earmarked. Transportation would receive the largest share at about \$15.5 million and water would receive about \$6.5 million. Emergency food receives a fixed earmark amount of approximately \$0.5 million and would not receive more with increased revenues.
4. The estimated amount is only for the public education component of total property tax collections. On average, 55 percent of property tax revenue collected statewide goes to support school districts.

Source: Office of the Legislative Fiscal Analyst, August 2014 (Updated).