



DRAFT DYNAMIC FISCAL ANALYSIS

DRAFT SALES AND USE TAX MODIFICATIONS



Enacts a sales and use tax exemption for equipment purchased by companies performing oil and gas extraction, pipeline transportation, and electrical generation.

STATIC IMPACT	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	...	FY 2030
State Revenue Impact	(4,300,000)	(17,100,000)	(30,400,000)	(39,800,000)	(41,193,000)		(48,924,362)
Local Revenue Impact	(1,400,000)	(5,700,000)	(10,100,000)	(13,300,000)	(13,765,500)		(16,349,096)

SCENARIO 1: IMPLEMENT THE SALES AND USE TAX EXEMPTION

Implement the sales and use tax exemption. Simultaneously assume no effect on state government spending.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	...	FY 2030
State Revenue (EF+GF)	(3,870,783)	(15,222,174)	(26,483,392)	(33,737,305)	(33,735,348)		(39,642,537)
Local Revenue Impact	(1,338,371)	(5,430,375)	(9,537,638)	(12,429,495)	(12,694,702)		(15,016,376)
Jobs	123	526	1,054	1,525	1,755		1,647
Wages	\$8	\$35	\$73	\$113	\$139		\$173
Gross Domestic Product (GDP)	\$8	\$40	\$91	\$148	\$188		\$217

SCENARIO 2: IMPLEMENT THE SALES AND USE TAX EXEMPTION AND ASSUME SLOWER STATIC GROWTH IN STATE/LOCAL GOVERNMENT SPENDING

Implement the sales and use tax exemption. Simultaneously assume state government spending does not grow as fast as it otherwise would.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	...	FY 2030
State Revenue (EF+GF)	(3,978,087)	(15,705,044)	(27,234,522)	(34,864,000)	(34,969,348)		(41,144,797)
Local Revenue Impact	(1,353,778)	(5,499,707)	(9,645,488)	(12,591,270)	(12,871,884)		(15,232,076)
Jobs	87	386	814	1,219	1,448		1,353
Wages	\$6	\$26	\$59	\$92	\$116		\$145
Gross Domestic Product (GDP)	\$1	\$10	\$38	\$77	\$113		\$131

SCENARIO 3: IMPLEMENT THE SALES AND USE TAX EXEMPTION, SLOWER STATIC GROWTH IN STATE/LOCAL GOVERNMENT SPENDING, AND STRONGER PRIVATE SECTOR RESPONSE

Implement the sales and use tax exemption. Simultaneously assume state government spending does not grow as fast as it otherwise would. Assume the sales and use tax exemption has a stronger response due to a stronger competitive market position. This stronger response shows up as an initial assumed increase in employment of 350.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	...	FY 2030
State Revenue (EF+GF)	1,226,174	(7,871,827)	(17,684,436)	(24,133,566)	(23,487,784)		(27,678,103)
Local Revenue Impact	(606,531)	(4,374,983)	(8,274,250)	(11,050,553)	(11,223,317)		(13,298,476)
Jobs	1,804	2,649	3,381	3,909	4,153		3,839
Wages (millions)	\$103	\$172	\$237	\$292	\$330		\$396
Gross Domestic Product (GDP) (millions)	\$228	\$324	\$403	\$473	\$527		\$581