

Prepared by the Joint Fiscal Office
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Potential Senate Tax Package

Overview:

The House budget includes a revenue package based on \$46.54 million in tax reductions.

The actions below represent **\$32.97 million** in tax reductions on net.

- Inclusions not yet passed by the Senate and would need approval in Senate Finance
 - Child Tax Credit: \$48M in House. \$45 million creates room for Senate Budget
 - Modeled in a more progressive way than the House
 - Securities Registration Fees increase (mutual fund fees): \$6 million
 - Property Transfer Tax Surcharge at \$2.8 million
- House passed items removed – Social Security Exemption passed in H.510 -\$1.67 million
- Items already passed by the Senate – S.53:
 - Military Retirement at -\$0.45M
 - Corp Tax Throwback Rule Repeal at -\$0.30M
 - Corp Tax Repeal of 80/20 language at \$0.83M
 - Corp Tax Joyce to Finnegan at \$2.65M
 - CSRS Exemption at -\$0.49M
- Others:
 - House passed H.730 and budget includes a higher direct application from Department of Liquor and Lottery. Senate Budget already includes this.

Possible vehicle: H.510 (Child Tax Credit Bill)

Additional Revenue Options

New additional demands on the budget may require an additional \$2 million in revenues or paring of tax reductions (Child Tax Credit).

Fee Proposals: all proposals raise roughly \$2 million

Option 1: Secretary of State Annual Report fees and additional DFR fees: \$2.05 million

- Secretary of State Annual Report fees for corporations, LLCs, and nonprofits range from \$20 to \$200. They haven't been changed since 2013.
 - Proposal would increase them by inflation since 2013 (roughly 20%).
 - Raises \$1.05 million
- DFR Fee Increases
 - Broker dealer fees last changed in 2019.
 - Current fee is \$120, proposal to \$125
 - Raises \$580,000
 - Insurance appointment fees, last changed in 2019
 - Current fee is \$60, proposal to \$61
 - Raises \$425,000

Secretary of State Fee Changes: Option 1						
SoS Annual Reports*		current fee	proposed fee (~22% inflation)	Change	units**	New revenues
Domestic Corp		45.00	55.00	10.00	9540	\$95,400
Foreign Corp		200.00	245.00	45.00	9900	\$445,500
Domestic LLC		35.00	45.00	10.00	28400	\$284,000
Foreign LLC		140.00	170.00	30.00	6850	\$205,500
Non-profits (Domestic and Fore		20.00	25.00	5.00	7050	\$17,625
						\$1,048,025

*All fees last changed in 2013
**Units are average of FY18 filings and active businesses as of 4/11/2022

DFR Fee Changes: Option 1					
	current fee - 2019	proposed fee	difference	units	FY24 new revenues
Broker Dealer Agents	\$120.00	\$125.00	\$5.00	116000	\$580,000
Insurance appointments	\$60.00	\$61.00	\$1.00	425000	\$425,000

Option 2: Secretary of State Annual Report fees and broker dealer fees in DFR: \$2.2 million

- Secretary of State Annual Report fees, same as Option 1: \$1.05 million
- Broker dealer fees last changed in 2019.
 - Current fee is \$120, proposal to \$130
 - Raises \$1.16 million.

Broker Dealer Fees: Option 2					
	current fee - 2019	proposed fee	difference	units	New revenues
Broker Dealer Agents	\$120.00	\$130.00	\$10.00	116000	\$1,160,000

Option 3: Insurance Appointment fees in DFR: \$2.125 million

- Last changed in 2019. Current fee is \$60, proposal to \$65
- Raises \$2.125 million

DFR Fee Changes: Option 3					
	current fee - 2019	proposed fee	difference	units	New revenues
Insurance appointments	\$60	\$65	\$5	425000	\$2,125,000