

### Scenario 1:

First \$300,000 of franchise base is exempt. Amounts over \$300,000 are taxed at \$3.00 per \$1,000.

Franchise Tax for 2017 Tax Year	Current Collections	Scenario Projections
Prior to Application of Credits	\$468M	\$457M
After Application of Credits	\$323M	\$294M

#### Disclaimers:

- Rebates paid from the collections of CIFT are not considered.
- For Tax Year 2017, approximately \$142M of overpayments from prior year was used to pay franchise tax due. Approximately \$254M over overpayments from 2017 was carried forward to the next year.

### Scenario 2:

Treat franchise tax as a minimum tax.

Franchise Tax for 2017 Tax Year	Current Collections	Exempt First \$300k of Base Tax Excess at \$3.10/\$1,000	Exempt First \$200k of Base Tax Excess at \$3.00/\$1,000	Exempt First \$300k of Base Tax Excess at \$3.15/\$1,000
Prior to Application of Credits	\$468M	\$473M	\$463M	\$477M

#### Disclaimers:

- Rebates paid from the collections of CIFT are not considered.
- For Tax Year 2017, approximately \$142M of overpayments from prior year was used to pay franchise tax due. Approximately \$254M over overpayments from 2017 was carried forward to the next year.

### **Scenario 3:**

Pay higher of (1) CFT with no application of credits or (2) CIT with no application of credits.

- CIFT collections before application of credits is \$1B.
- CIFT collections after application of credits is \$724M.

Using the higher of (1) or (2) on a corporation by corporation basis, potential collections are \$971M (no application of credits).

Disclaimers:

- Rebates paid from the collections of CIFT are not considered.
- For Tax Year 2017, approximately \$409M of overpayments from prior year was used to pay CIFT due. Approximately \$478M of overpayments from 2017 was carried forward to next year.

### **Scenario 4:**

Levy gross receipts tax of 0.10% instead of franchise tax. Gross receipts tax is based on gross receipts only with no deductions. Tax base is limited to domestic and foreign corporations.

- Estimated collections are \$425M with no application of credits.

Disclaimers:

- Rebates paid from the collections of CIFT are not considered.
- For Tax Year 2017, approximately \$142M of overpayments from prior year was used to pay franchise tax due. Approximately \$254M over overpayments from 2017 was carried forward to the next year.