



AMERICANS FOR TAX REFORM

HALL OF SHAME LEGISLATIVE SESSION OF 2004

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EXECUTIVE SUMMARY

ATR's "Hall of Shame" lists all legislators who are signers of the Taxpayer Protection Pledge, a written commitment to "oppose and vote against any and all efforts to increase taxes", and broke their commitment by voting for a tax increase during the legislative session of 2004.

We thank Yoon Kim, Elizabeth Karas and Kristine Esposito for their untiring efforts to compile this information for us. We also are indebted to our friends in the states, who helped us clarify issues and confirmed our research.

Yet, since we have to monitor 99 legislative bodies in 50 states, we may have missed a tax increase somewhere. If you think we have missed a Pledge violator, please contact Paul Prososki (pprososki@atr.org) or Sandra Fabry (sfabry@atr.org) and share with us the relevant information.

The highest tax increase was passed in New Jersey. Here, the Governor and the legislature passed a \$1.7 billion tax increase.

PLEDGE BREAKERS BY STATE AND MEASURE

ALABAMA

**THE ALABAMA GENERAL BUDGET FOR THE COMING FISCAL YEAR
WILL SPEND 16% MORE THAN THE CURRENT YEAR'S BUDGET.**

TAX INCREASE INCLUDED IN: HB 815

- Passed the House on: 5/5/04
- Passed the Senate on: 5/17/04
- Signed by the Governor on: 5/26/04

SUMMARY OF BILL:

- Oil and gas severance tax levied.

DETAILS:

- Imposes a temporary one year increase in oil and natural gas severance tax.
- Increases the original tax by one percent with respect to off shore production.
- Increases the original tax by .5 percent with respect to on shore production.
- Exceptions for certain wells.

FISCAL IMPACT:

- This bill is estimated to increase revenues by around \$10.5 million a year.

PLEDGE BREAKERS:

- HOUSE (Roll Call No.1119):
McClurkin, Martin
- SENATE (Roll Call No.1428):
Dial, Holley

TAX INCREASE INCLUDED IN: HB 308

- Passed the House on: 4/15/04
- Passed the Senate on: 5/6/04
- Signed by the Governor on: 5/26/04

SUMMARY OF BILL:

- Increases court filing fees.

DETAILS:

- Increases fees for circuit court cases.
- Increases fees in civil court cases filed in state courts.
- There will be a variety of different fee increases according to the magnitude of each case.
- Excludes divorce-related and child support related cases.

FISCAL IMPACT:

- This bill is estimated to increase revenues by around \$16.5 million to \$21.6 million a year.

PLEDGE BREAKERS:

- HOUSE (Roll Call No.722) :
Martin, McClurkin
- SENATE (Roll Call No.1318) :
Dial, Holley

TAX INCREASE INCLUDED IN: HB 716

- Passed the House on: 5/17/04
- Passed the Senate on: 5/17/04
- Signed by the Governor on: 5/18/04

SUMMARY OF BILL:

- Increases taxes on cigarette and other tobacco products.

DETAILS:

- Increases taxes on little cigars, stogies, cigars, snuff, chewing tobacco, and cigarettes, to 4 cents per cigar, and 1.5 cents per ounce of chewing tobacco, for instance.
- Increases taxes on cigarettes to the rate of 42.5 cents per pack.
- Increases from 16.5 cents per pack to constitutes an increase of 26 cents.

FISCAL IMPACT:

- The law is expected to raise \$89 million in 2005 and later years, plus 14.5 million that will be collected before Oct. 1 and spent in 2005.

PLEDGE BREAKERS:

- HOUSE (Roll Call No.1269)
Laird, Martin, McClurkin
- SENATE (Roll Call No.1433)
Dial, Holley

TAX INCREASE INCLUDED IN: HB 126

- Passed the House on: 4/8/04
- Passed the Senate on: 5/17/04
- Signed by Governor on: 5/25/04

SUMMARY OF BILL:

- Severance taxes on oil and natural gases.

DETAILS:

- Levies a severance tax on non-coal and non-iron ore solid minerals at a rate of \$0.10 per ton.
- Increases this tax \$700 from \$200.04 to \$900.

FISCAL IMPACT:

- This program will generate \$5.3 million in revenues annually.

PLEDGE BREAKERS:

- HOUSE (Roll Call No. 631):
Laird, Martin
- SENATE (Roll Call No. 1303):
Dial

TAX INCREASE INCLUDED IN: HB 266

- Passed the House on: 4/13/04
- Passed the Senate on: 5/6/04
- Signed by the Governor on: 5/17/04

SUMMARY OF BILL:

- Nursing home privilege tax.

DETAILS:

- Levies a \$900 tax in the supplemental privilege tax paid annually on each bed in a nursing home facility.
- Increases this tax \$700 from \$200.04 to \$900.

FISCAL IMPACT:

- In the first year, this program will generate \$4.1 million.
- Estimated that this program will generate \$13.3 million in revenues each fiscal year thereafter.

PLEDGE BREAKERS:

- HOUSE (Roll Call No. 631):
Laird, Martin, McClurkin
- SENATE (Roll Call No. 1303):
Dial, Holley

TAX INCREASE INCLUDED IN: HB 672

- Passed by the House on: 4/6/04
- Passed by the Senate on: 4/15/04
- Signed by Governor on: 4/21/04

SUMMARY OF BILL:

- Authorizes Covington County to levy a sales tax.

DETAILS:

- Sales tax levied at an amount by the Commissioner of Revenue, not to exceed 5%.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE (Roll Call No. 546):
Martin
- SENATE (Roll Call No. 780):
Dial, Holley

TAX INCREASE INCLUDED IN: HB 675

- Passed by the House on: 4/6/04
- Passed by the Senate on: 5/4/04
- Signed by Governor on: 5/14/04.

SUMMARY OF BILL:

- Authorizes Henry County to levy sales and use tax.

DETAILS:

- Levies an additional one percent sales and use tax in the county.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE (Roll Call No. 549):
Martin
- SENATE (Roll Call No. 1058):
Dial, Holley

TAX INCREASE INCLUDED IN: SB 238

- Proposed on 2/5/04

SUMMARY OF BILL:

- Increases tax for cigarettes.

DETAILS:

- Two cents increase on all cigarettes sold.

FISCAL IMPACT

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

ALASKA

TAX INCREASE INCLUDED IN: SB 1001

- Passed by the House on: 6/23/04
- Passed by the Senate on: 6/23/04
- Signed by the governor on: 7/24/04

SUMMARY OF BILL:

- Raises taxes on cigarettes.

DETAILS:

- Raises taxes on cigarettes from one dollar a pack of twenty cigarettes to two dollars a pack of twenty cigarettes.
- Puts taxes stamps on cigarettes.

FISCAL IMPACT:

- In the first year, this program will generate \$29.1 million.
- In the following years, this program will generate \$35 million in revenues.

PLEDGE BREAKERS:

- HOUSE:
Rokeberg
- SENATE:
Dyson

TAX INCREASE INCLUDED IN: HB 236

- Introduced in the House on: 4/2/03, still alive in 2004

SUMMARY OF BILL:

- Raises income taxes.

DETAILS:

- Income tax of \$100 imposed on all workers in Alaska who are over the age of 19, self-employed workers also included.

FISCAL IMPACT:

- In the first year, this program will generate \$28.5 million.
- Estimated that this program will generate \$42.9 million in revenues.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: SB 368

- Passed the Senate on: 05/01/04
- Introduced in House on: 05/03/04

SUMMARY OF BILL:

- Raises tobacco taxes.

DETAILS:

- Increases cigarette tax from \$1 per pack to \$1.60 per pack in FY 2005, to \$1.80 in FY 2007 and \$2 per pack in FY 2008.

FISCAL IMPACT:

- Could generate \$160 million over 6 years

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
Cowdery, Dyson

TAX INCREASE INCLUDED IN: SB 321

- Introduced in the Senate on: 2/11/04

SUMMARY OF BILL:

- Increases oil and gas severance tax.

DETAILS:

- Increases taxes on the production of oil and gas.
- Oil and gas properties tax of at least five percent of the gross value at the point of production after application of the economic limit factor.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: SB 367

- Proposed on 3/19/04

SUMMARY OF BILL:

- Increases sales and use tax.

DETAILS:

- Levies a sales tax on the sales of tourism services.
- Levies a use tax on the use of tourism services.
- Levies the sales and use tax on tourism at the rate of five percent.

FISCAL IMPACT:

- The bill is expected generate around \$15 million of revenue.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

ARIZONA

TAX INCREASE INCLUDED IN: SB 1060

- Introduced 1/12/04

SUMMARY OF BILL:

- Gas guzzler motor vehicle tax.

DETAILS:

- Levies new taxes on motor vehicle sales and leases.
- Establishes a tax rate of 0.6 percent and deposits those revenues in the state General Fund.
- Establishes an additional sliding tax rate (ranges from 3.75 to 6.25 percent) based upon the fuel economy of the vehicle. Forty percent of these revenues are designated as distribution base, with the remainder deposited in the state General Fund.
- Applies each tax rate to the retail selling price of the vehicle or lease payment.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

ARKANSAS

TAX INCREASE INCLUDED IN: SB 61

- Proposed on 1/26/04

SUMMARY OF BILL:

- Increases the income tax, severance tax and tax on beer.

DETAILS:

- Increases the income tax surcharge an additional two percent.
- Levies a flat seven percent income tax rate on all corporations.
- Increases the severance tax on natural gas by fifteen cents per thousand cubic feet.
- Increases the tax on beer to nine dollars per gallon.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: HB 1030

- Passed by the House on: 2/5/04
- Passed by the Senate on: 2/6/04

SUMMARY OF BILL:

- Increases sales and use tax, gross receipts tax on certain services, wholesale vending tax.

DETAILS:

- Increases the excise tax by .875% on all property and services subject to the tax levied by the Arkansas Gross Receipts Act.
- Rental vehicle tax established at 5%.

- 4.5% tax levied on the purchase on vending machines.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE (Roll Call on 2/5/04):
No Pledge breakers
- SENATE (Roll Call on 2/6/04):
No Pledge breakers

TAX INCREASE INCLUDED IN: SB 80

- Passed by the House on: 2/4/04
- Passed by the Senate on: 2/6/04
- Signed by the Governor on: 2/10/04

SUMMARY OF BILL:

- Increases taxes on corporations.

DETAILS:

- Increases corporate franchise tax at staggering rates. Rates are at least doubled, and, in some tax brackets even tripled.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE (Roll Call on 2/4/06):
No Pledge breakers
- SENATE (Roll Call on 2/6/04):
No Pledge breakers

TAX INCREASE INCLUDED IN: HB 1144

- Proposed on 1/22/04

SUMMARY OF BILL:

- Creates a new top income tax bracket.

DETAILS:

- Applied to net income exceeding \$100,000.
- Imposes taxes of eight percent.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

CALIFORNIA

TAX INCREASE INCLUDED IN: Assembly Bill 2107

- Failed in the House Committee on: 5/17/03

SUMMARY OF BILL:

- Increases taxes on boats, aircraft and motor vehicles purchased out of state

DETAILS:

- Plan increases taxes on boats, aircraft and motor vehicles purchased out of state by changing the rules (these purchases are currently exempt from the tax if kept outside of the state for 90 days).

FISCAL IMPACT:

- Expected to cost taxpayers \$55 million a year.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Assembly Bill 2109

- Introduced 2/18/04

SUMMARY OF BILL:

- Requires corporations that set up offshore headquarters to avoid US taxes on income from domestic subsidiaries to include such companies within the water's edge.

DETAILS:

- The bill will affect corporations once their existing seven-year water's edge contracts expire.

FISCAL IMPACT:

- Expected to cost taxpayers \$132 million in additional taxes over 10 years.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Assembly Bill 2584

- Introduced 2/20/04

SUMMARY OF BILL:

- Expands the scope of "Water's Edge" for purposes of measuring California corporate income taxes.

DETAILS:

- The bill will treat an "inverted corporation" (a legally structured foreign entity) as a California domiciled company for purposes of the water's edge election.

FISCAL IMPACT:

- Expected to cost taxpayers \$60 million in each fiscal year 2010-2011 through 2014-2015

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Assembly Bill 1690

- Passed the House on 6/5/03

SUMMARY OF BILL:

- Authorizes cities and counties that form a fire protection agency to impose a local income tax with a majority-voter approval of tax.

DETAILS:

- The measure was amended on July 16 to remove prior language and add provisions declaring intent to examine allowing local governments to impose an income tax.
- Cities would be able to collect an income tax up to 8%.
- Counties would be limited to a 2% tax.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$3.4 billion.

PLEDGE BREAKERS:

- HOUSE (Roll Call on 6/5/03):
No pledge breakers
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Assembly Bill 1815

- Introduced on 1/15/04

SUMMARY OF BILL:

- Increases personal income taxes by adding 10 percent and 11 percent rates

DETAILS:

- The 10 percent rate would apply to taxable income over \$100,000 single, \$200,000 joint.
- The 11 percent rate would apply to taxable income over \$200,000 single, \$400,000 joint.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$2.5 billion.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Assembly Bill 2847

- Introduced to Assembly 2/20/04.

SUMMARY OF BILL:

- Increases gasoline and diesel fuel taxes.

DETAILS:

- This bill imposes, until January 1, 2008, a fee at an unspecified rate on each gallon of gasoline and diesel fuel sold for use in California, to finance the maintenance, operation, improvement, and construction of state highways and local roads and to finance environmental programs that mitigate the air impacts of motor vehicles.

FINANCIAL IMPACT:

- Expected cost to taxpayers cannot be determined because the rate of the fee is not specified. In the previous version, 5 cents-per-gallon would be imposed yielding \$920 million annually.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Assembly Bill 2880

- Passed the House on 5/25/04

SUMMARY OF BILL:

- Allows for increase in car tax

DETAILS:

- Authorizes air pollution control districts to impose an additional \$6 rather than \$4 car tax.

FINANCIAL IMPACT:

- Expected to cost taxpayers as much as \$35 million annually starting in 2005-2006.

PLEDGE BREAKERS:

- HOUSE (Roll Call on 5/25/04):
No pledge breakers
- SENATE
No votes

TAX INCREASE INCLUDED IN: Assembly Bill 3104

- Introduced to the House on 3/31/04.

SUMMARY OF BILL:

- Proposes an unspecified tax on each gallon of motor vehicle fuel imported into California or removed from a refinery for sale.

DETAILS:

- This bill imposes, until January 1, 2008, a fee at an unspecified rate on each gallon of gasoline and diesel fuel sold for use in California, to finance the maintenance, operation, improvement, and construction of state highways and local roads and to finance environmental programs that mitigate the air impacts of motor vehicles.

FINANCIAL IMPACT:

- Expected cost to taxpayers cannot be determined because the rate of the fee is not specified. In the previous version, 5 cents-per-gallon would be imposed yielding \$920 million annually.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Senate Bill 1876

- Introduced 2/25/04.

SUMMARY OF BILL:

- Proposes amendments to bill repealing the water's edge election.

DETAILS:

- The measure, proposing to repeal the water's edge election among other things, was amended on April 29 to remove the provision of the bill.
- The amendments make a number of major changes in the bill. In its present form, the bill:
 - Repeals the double-weighting of the sales factor in the corporate apportionment formula.
 - Includes inverted domestic corporations within the water's edge for the water's edge election
 - Includes in the water's edge, foreign corporations organized or incorporated in specified countries, which Senator Alpert asserts are "tax haven" countries.
 - Establishes a refundable earned income tax credit as a percentage of law. The credit would be a 3.3 percent of the federal credit in the first year, increasing to 5 percent in the second year.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$350 million (Water's Edge Election) and \$128 million (Double-Weighted Sales Factor).

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Senate Bill 1354

- Introduced 2/18/04.

SUMMARY OF BILL:

- Proposed limit on the use of tax credits.

DETAILS:

- Was amended April 28 to expand to two years (2004 and 2005) a proposed limit on the use of tax credits. Under the bills' provisions, taxpayers could not claim existing tax credits that reduce the "net tax" by more than 50 percent in the aggregate.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$420 million in 2004-2005 and \$291 million in 2005-2006.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Senate Bill 1501

- Introduced 2/19/04.

SUMMARY OF BILL:

- Reduces tax credits.

DETAILS:

- Reduces the research and development tax credit from 15 percent to 10 percent, retroactively to January 1, 2004. It also reduces the basic research tax credit from 24 percent to 20 percent.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$150 million annually.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Senate Bill 1571

- Passed the Senate on 5/25/04

SUMMARY OF BILL:

- Increases taxes on controlled foreign corporations.

DETAILS:

- Prohibits a controlled foreign corporation from excluding Sub Part F income from a water's edge kind report.
- It also requires inclusion of a water's edge combined report of both U.S. income and Sub Part F income of a controlled foreign corporation, regardless of whether the corporation is a California taxpayer.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$50 million.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE (Roll Call on 5/25/04):
No pledge breakers

TAX INCREASE INCLUDED IN: Senate Bill 1404

- Passed the Senate on 5/26/04.

SUMMARY OF BILL:

- Allows for additional "assessments" to be imposed.

DETAILS:

- Allows, until 2012, the establishment of Multifamily Improvement Districts to impose assessments on businesses and rental residential property with such districts to finance certain improvements and activities.
- Many of the things that the assessment can be used to fund are normally supported by general taxes. They include security services, landscaping, promotion of economic development, building inspection and code enforcement.

FINANCIAL IMPACT:

- The expected cost to taxpayers is unknown because the amount of the assessments is not specified.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE (Roll Call on 5/26/04):
No pledge breakers

TAX INCREASE INCLUDED IN: Senate Bill 1614

- Introduced to the House on 2/20/04

SUMMARY OF BILL:

- Increases the gasoline tax.

DETAILS:

- The measure was amended April 25 to increase gasoline taxes by 5 cents-per-gallon rather than 10 cents per gallon in the prior version of the bill, when the retail price drops below \$2 a gallon.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$1.96 billion in 2005.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: Senate Bill 557

- Passed the Senate on 1/24/04

SUMMARY OF BILL:

- Proposes a timber product use fee

DETAILS:

- The bill was amended on April 29 to impose a 1 cent-per-board foot excise tax on timber to fund the restoration of the environment and habitat related to the effects of timber harvesting, protection of forested watersheds, and assistance to timber industry workers.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$66 million.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE (Roll Call on 1/24/04):
No pledge breakers

TAX INCREASE INCLUDED IN: Senate Bill 1168

- Passed the Senate on 5/26/04

SUMMARY OF BILL:

- Proposes tax on manufacturers of toxic chemicals

DETAILS:

- The measure establishes and unspecified tax, to be set by the Department of Health Services, on manufacturers of toxic chemicals. The tax, which is labeled a “Sinclair Fee” that can pass by a majority vote, can be set at a level to fund all the new programs established by the bill.

FINANCIAL IMPACT:

- Expected to cost taxpayers \$3.3 million in the first fiscal year, \$5.4 million in the second fiscal year and eventually \$10 to \$12 million per year.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE (Roll Call on 5/26/04):
No pledge breakers

TAX INCREASE INCLUDED IN: Senate Bill 1180

- Passed the Senate on 5/25/04

SUMMARY OF BILL:

- Proposes an unspecified tax, to be determined by administrative action, on the sales of fluorescent lamps.

DETAILS:

- The tax (called a fee in the bill) would be set by the Department of Toxic Substance Control, to generate the amount of revenue the department thinks it needs to pay for the costs of recycling fluorescent lamps. The bill may result in double-funding as the current Hazardous Waste Tax is imposed on business for the cost of disposing fluorescent lamps.

FINANCIAL IMPACT:

- Expected cost to taxpayers cannot be determined because the fee is not specified.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No pledge breakers

COLORADO

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN COLORADO.

CONNECTICUT

NO TAX INCREASES WERE PASSED DURING THE 2004 LEGISLATIVE SESSION IN CONNECTICUT, BUT GOV. ROWLAND – ONE OF NINE PLEDGE SIGNING GOVERNORS (*AT THE TIME, ROWLAND RESIGNED JULY 1ST*) – PROPOSED A \$100 MILLION TAX INCREASE ON TOBACCO, BEER, WINE, SPIRITS AND NEWSPAPERS. HE LATER BACKED OFF.

DELAWARE

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN DELAWARE.

FLORIDA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN FLORIDA.

GEORGIA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN GEORGIA

HAWAII

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN HAWAII

IDAHO

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN IDAHO.

ILLINOIS

TAX INCREASE INCLUDED IN: Senate Amendment No. 1 to HB 848

- Passed by Senate on: 05/20/04
- Motion to concur failed in House on: 05/26/2004

SUMMARY OF BILL:

- Imposes array of business taxes

DETAILS:

- Includes a tax increase on converting waste landfill gases to electricity.
- Changes how business income is calculated.
- Increases taxes on investment in new equipment.
- Accelerates collection of taxes owed when IRS disallows the use of certain tax shelters.
- Imposed new withholding requirements on partnerships and small corporations.
- Includes retroactive tax increase on investments in federal tax-exempt bonds.
- Retroactive tax increase on companies that are in bankruptcy.
- Defines all income for a business as “business income”.
- Imposes taxes on company-owned life insurance policies.

FISCAL IMPACT:

- Cost estimated to be more than \$300 million.

PLEDGE BREAKERS:

- HOUSE: no votes
- SENATE: (vote No. 16, May 20, 2004)
No Pledge breakers

TAX INCREASE INCLUDED IN: Senate Amendment No. 1, HB 864

- Passed by Senate on 05/31/04
- Re-referred to Rules Committee on 07/31/04, no further action.

SUMMARY OF BILL:

- Imposes array of business taxes, similar to HB 848, which failed earlier.

DETAILS:

- Includes a tax increase on converting waste landfill gases to electricity.
- Changes how business income is calculated.
- Accelerates collection of taxes owed when IRS disallows the use of certain tax shelters.
- Imposed new withholding requirements on partnerships and small corporations.
- Includes retroactive tax increase on investments in federal tax-exempt bonds.
- Retroactive tax increase on companies that are in bankruptcy.
- Defines all income for a business as “business income”.

FISCAL IMPACT:

- Cost estimated around \$300 million.

PLEDGE BREAKERS:

- HOUSE: no votes
- SENATE: (vote No. 9, May 31, 2004)
Garrett

INDIANA

TAX INCREASE INCLUDED IN: HB 1009

- Passed by the House on: 2/5/04

SUMMARY OF BILL:

- School tax levies.

DETAILS:

- Authorizes a school corporation to file an appeal to impose an additional levy to make up a shortfall in property tax collections.
- Increases the transportation fund levy by which the state has reduced its transportation distributions to the corporation.

FISCAL IMPACT:

- The imposed tax will amount to a tax increase of \$32.9 million.

PLEDGE BREAKERS:

- HOUSE (Roll Call 121):
Bardon, Behning, Cherry, Espich, Frenz, Frizzell, Moses, Torr, Whetstone,
Wolkins
- SENATE:
No votes

IOWA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN IOWA.

KANSAS

TAX INCREASE INCLUDED IN: HB 2940

- House Vote Committee of the Whole on: 3/25/04
- Passed by the House on: 3/26/2004
- Rejected by the Senate on: 4/2/2004

SUMMARY OF BILL:

- Increases income and sales taxes, and allows for an increase in property tax.

DETAILS:

- Increases sales taxes from 5.3 to 5.5 percent, effective July 1, 2004.
- Imposes a permanent individual income tax surcharge of 4.5 percent.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE (Committee of the Whole Vote, Roll Call, House Journal 1545)
Compton, Cox, Pottorf, Powers, Swenson, Thimesch
- HOUSE (Roll Call, House Journal 1584):
Cox, Pottorff, Swenson, Thimesch,
- SENATE (Roll Call, Senate Journal 1846):
Barone

TAX INCREASE INCLUDED IN: Senate Substitute for HB 2937

- Rejected by Senate on: 05/07/04

SUMMARY OF BILL:

- Increases income and sales taxes.

DETAILS:

- Provisions almost identical with HB 2940.

FISCAL IMPACT:

- Estimated at over \$58.9 million the first year and close to \$200 million over three years

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE (Roll Call, Senate Journal 2315):
No Pledge breakers

TAX INCREASE INCLUDED IN: SB 403

- Rejected by the Senate on: 2/26/04

SUMMARY OF BILL:

- Increases sales & use, income, and property tax.

DETAILS:

- Increases sales and use tax from 5.3 to 5.5 percent, effective July 1, 2004. The rates subsequently would be increased to 5.6 percent on July 1, 2005; and to 5.7 percent on July 1, 2006.
- Imposes a permanent individual income tax surcharge of 5 percent.
- Property tax would be increased from 20 to 21 mills for the 2005-2006 school year.

FISCAL IMPACT:

- Over five years, the amount of revenue generated will be:
 - \$1,050,970,000 in Sales and Use Tax Increase
 - \$512,500,000 in Individual Income Tax Surcharge
 - \$147,889,000 in Property Tax Increase

PLEDGE BREAKERS:

- SENATE (Roll Call, Senate Journal 1266):
Barone
- HOUSE:
No Votes

KENTUCKY

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN KENTUCKY.

LOUISIANA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN LOUISIANA.

MARYLAND

TAX INCREASE INCLUDED IN: SB 508- Budget Reconciliation and Financing Act

- Passed by the House on: 4/7/04
- Passed by the Senate on: 4/7/04
- Signed by Governor on: 5/26/04

SUMMARY OF BILL:

- Imposes the lowest county income tax rate on nonresidents with a tax liability.

DETAILS:

- The bill imposes a tax at a rate equal to the lowest county income tax rate in Maryland (currently 1.25 percent) on individuals who are subject to the State income tax but are not subject to the county income tax.
- More generally, the provision would apply to the business-related income of non-residents who do not live in the states with which Maryland has an income tax reciprocity agreement (Virginia, Pennsylvania, West Virginia, and the District of Columbia).

FISCAL IMPACT:

- The change is estimated to cost taxpayers \$38.6 million in fiscal 2005, reflecting one and a half tax years, and \$27.8 million in fiscal 2006.

PLEDGE BREAKERS:

- HOUSE (Seq. No. 1096):

Bartlett, Amedori, Stocksdale, Arnick, Wood, O'Donnell, Boutin, Walkup, Eckardt

- SENATE (Seq. No. 0916):
Stone, Dyson

TAX INCREASE INCLUDED IN: HB 297

- Passed by the House on: 4/7/04
- Passed by the Senate on: 4/9/04
- Became law without Governor's signature: 5/29/04

SUMMARY OF BILL:

- Provides prospective changes to the corporate income tax law designed to prevent tax avoidance through the use of "Delaware Holding Companies."

DETAILS:

- The bill requires a corporation to add back to its taxable income any otherwise deductible interest expense or intangible expense paid directly or indirectly to one or more related members unless the corporation meets guidelines.

FISCAL IMPACT:

- Corporate tax revenues could increase by \$37 million in fiscal 2005, with additional revenues increasing to \$55 million in fiscal 2007 and thereafter.

PLEDGE BREAKERS:

- HOUSE (Seq. No. 1098):
Shank, Bartlett, Amedori, Stocksdale, Kach, Arnick, Leopold, Gilleland, Sophocleus, Boschert
- SENATE (Seq. No. 0957):
Stone, Kittleman, Dyson

TAX INCREASE INCLUDED IN: SB 508- Budget Reconciliation and Financing Act

- Passed by the House on: 4/7/04
- Passed by the Senate on: 4/7/04
- Signed by Governor on: 5/26/04

SUMMARY OF BILL:

- The bill decouples from the depreciation deduction allowed on the federal income tax return for specified large sport utility vehicles (SUVs) used for business purposes that are placed into service after May 31, 2004.

DETAILS:

- The effect of this bill is to subject a vehicle to the same limitation on annual depreciation expenses as is applicable to other lighter passenger vehicles under federal law.

FISCAL IMPACT:

- In conjunction with the general Section 179 expensing provision, State general fund revenues from this provision could increase by \$13.5 million in fiscal 2005.

PLEDGE BREAKERS:

- HOUSE (Seq. No. 1096):
Bartlett, Amedori, Stocksdale, Arnick, Wood, O'Donnell, Boutin, Walkup, Eckardt
- SENATE (Seq. No. 0916):
Stone, Dyson

TAX INCREASE INCLUDED IN: HB 1188- Higher Education Affordability and Access Act of 2004 - Supplementary Appropriation

- Passed by the House on: 3/29/04
- Passed by the Senate on: 4/9/04
- *Vetoed* by Governor on: 5/25/04

SUMMARY OF BILL:

- The bill imposes 10% surcharges on corporate income taxes from 2004 to 2006, effectively raising the corporate income tax rate from 7.0% to 7.7% for three tax years.

DETAILS:

- Limiting the annual increase in tuition that may be charged to a resident undergraduate student at specified public senior higher education institutions to 5% for specified academic years;
- requiring the Governor to include in the annual budget submission for fiscal years 2006 and 2007 an increase in the amount of State support for the University System of Maryland and Morgan State University; requiring the transfer of any balance remaining in the Higher Education Investment Fund on June 30, 2007, to the General Fund.

FISCAL IMPACT:

- Would cost taxpayers \$59.5 million in fiscal year 2005, \$44.4 million in fiscal year 2006 and \$24.5 million in fiscal year 2007.

PLEDGE BREAKERS:

- HOUSE (Seq. No. 1182):

No Pledge breakers

- SENATE (Seq. No. 0948):
Stone

TAX INCREASE INCLUDED IN: SB 320

- Passed by the House on: 4/7/04
- Passed by the Senate on: 4/10/04
- Signed by Governor on: 5/26/04

SUMMARY OF BILL:

- This measure establishes the Bay Restoration Fund to provide financial assistance to upgrade wastewater treatment plants.

DETAILS:

- Beginning January 1, 2005, a \$2.50 per month restoration fee will be added to individual water or sewer bills for each residential dwelling.
- For users of septic systems or holding tanks who do not receive individual water or sewer bills a fee of \$30 per year will be collected as of October 1, 2005.
- Local governments, public school systems, and community colleges are exempt from the fee.
- Sixty percent of the funds collected from septic and holding tank users will be available for grants and loans for projects that will enhance nitrogen removal from those systems, while 40% will fund cover crop activities.
- A newly created Bay Restoration Fund Advisory Committee will evaluate the program.

FISCAL IMPACT:

- Will cost taxpayers \$29.75 million in fiscal year 2005, \$67.62 million in fiscal year 2006, \$218.07 million in fiscal year 2007, \$365.82 million in fiscal year 2008, and \$316.57 million in fiscal year 2009.

PLEDGE BREAKERS:

- HOUSE (Seq. No. 1135):
Amedori, Stocksdale, Arnick, Gilleland, Sophocleus, Boschert, Costa, Boutin, Glassman, Parrott, Walkup, Eckardt, Frank
- SENATE (Seq. No. 1016):
Stone, Kittleman, Greenip, Colburn, Stoltzfus

TAX INCREASE INCLUDED IN: HB 1271

- Passed by the House on: 4/2/2004

- Failed Third Reading in Senate on: 4/11/2004

SUMMARY OF BILL:

- This measure would establish the Maryland Community Health Resources Commission as an independent commission that functions within the Department of Health and Mental Hygiene.

DETAILS:

- The bill establishes the CHRC fund, which is funded through a 1% premium tax imposed on HMOs and MCOs as well as funds from the CRF.
- The HMO and MCO premium tax is applicable to premiums and capitation payments received after January 1, 2005.
- Beginning in fiscal 2008, any CRF revenue from strategic contribution payments resulting from the State's legal contributions to the master settlement agreement must be deposited into the CHRC fund.
- The fund may be used to cover CHRC administrative costs and actual costs, fund grants totaling \$10 million beginning in fiscal 2006 to CHRs, fund the Medicaid primary care waiver expansion, provide stipends to specialists at CHRs, and increase Medicaid provider rates.

FISCAL IMPACT:

- CHRC special fund revenues could increase by \$18,251,816 in fiscal 2005 from the implementation of a 1% premium tax on HMOs and MCOs beginning January 1, 2005.
- Future year estimates (\$85.3 million by fiscal 2009) reflect annualization, inflation, and assume, beginning fiscal in 2008, the fund would receive approximately \$28 million annually from CRF funds.

PLEDGE BREAKERS:

- HOUSE (Seq. No. 0768):
Sophocleus, Costa
- SENATE (Seq. No. 1062):
No Pledge breakers

TAX INCREASE INCLUDED IN: HB 1467

- Passed by the House on: 3/19/04
- Passed by the Senate on: 4/7/04
- Signed by Governor on: 4/13/04

SUMMARY OF BILL:

- This Administration bill increases the State motor vehicle registration fee and alters the requirements for the level of miscellaneous fees charged by the Motor Vehicle Administration (MVA).

- It also authorizes a fee for a missed driver's test appointment, permanently extends the Maryland Trauma Physician Services Fund, and increases the debt limit on consolidated transportation bonds.

DETAILS:

- Permanently repeals the June 30, 2005 sunset for the Maryland Trauma Physician Services Fund and the \$2.50 annual surcharge on vehicle registration fee that supports the fund;
- increases the State vehicle registration fee for all classes of vehicles;
- increases the cap on outstanding and unpaid consolidated transportation bonds from \$1.5 billion to \$2.0 billion;
- alters the requirements for the level of miscellaneous fees charged by the MVA to include the cost of the annual average MVA capital budget (as reported in the six-year consolidated transportation program (CTP)) in determining the maximum fee;
- permits the MVA to create and charge a fee for persons who fail to keep appointments made for noncommercial driver tests; and
- redefines a miscellaneous fee to exclude the portion of the motorcycle registration fee that exceeds \$13.50 (technical correction).

FISCAL IMPACT:

- Revenues will increase by an estimated \$165,519,800 in 2005, \$183,133,500 in 2006, \$185,654,700 in 2007, \$186,954,800 in 2008, \$191,869,100 in 2009.

PLEDGE BREAKERS:

- HOUSE (Seq. No. 0400):
Shank, Bartlett, Amedori, Stocksdales, Kach, Arnick, Jennings, Miller, Wood, O'Donnell, Dwyer, Gilleland, Boschert, Costa, Boutin, Glassman, Parrott, Smigiel, Walkup, Eckardt, Frank
- SENATE (Seq. No. 0859):
Haines, Kittleman, Greenip, Jacobs, Hooper, Colburn, Stoltzfus

MASSACHUSETTS

TAX INCREASE INCLUDED IN: HB 5548

SUMMARY OF BILL:

- Extends hotel room occupancy tax to fees charged by online travel services.

DETAILS:

- The bill would apply a new tax to fees charged by online travel services, which offer hotel room reservations.

- Bill would allow internet companies to ‘voluntarily’ register with the state to collect this new tax. However, if companies do not register, or if they are protected from taxes by federal law such as the Internet Tax Moratorium, each hotel is required to collect a tax on fees paid to Internet companies.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE: no votes
- SENATE: no votes

MICHIGAN

TAX INCREASE INCLUDED IN: HB 5632

- Passed by the House on: 6/23/04
- Passed by the Senate on: 6/24/04
- Signed by the Governor on: 6/24/04

SUMMARY OF BILL:

- Increases cigarette tax and taxes on other tobacco products.

DETAILS:

- Raises the state cigarette tax by 75 cents per pack beginning July 1, 2004.
- Increases taxes on other tobacco products from 20 percent to 32 percent.
- All of the new revenue designated to go to Medicaid until Oct. 1, 2005, when 25 percent of it will go to the state general fund to pay for other government spending.

FISCAL IMPACT:

- The measure is expected to raise \$97.1 million in the current fiscal year ending on September 30, and \$313 million in the next fiscal year beginning Oct. 1.

PLEDGE BREAKERS:

- HOUSE (Roll Call 547):
No Pledge breakers
- SENATE (Roll Call 455):
Kuipers

TAX INCREASE INCLUDED IN: HB 4612

- Passed by the House on: 8/4/04

- Passed by the Senate on: 8/4/04
- Signed by the Governor on: 8/17/04

SUMMARY OF BILL:

- Increases taxes on Detroit casinos.

DETAILS:

- Raises the taxes on casinos from 18% to 24%.

FISCAL IMPACT:

- The measure is expected to raise \$49 million a year, on top of \$90 million in taxes already paid by casinos.

PLEDGE BREAKERS:

- HOUSE (Roll Call 709):
Pappageorge, Johnson, Robertson, DeRossett, Milosch, Shaffer, Steil, Ehardt
- SENATE (Roll Call 605):
Kuipers, Barcia, Goschka

TAX INCREASE INCLUDED IN: SB1101

- Introduced in the Senate: 03/17/04

SUMMARY OF BILL:

- Increases tax on distilled spirits.

DETAILS:

- Increases the markup on distilled spirits from 65% to 74%.

FISCAL IMPACT:

- The estimated increase in revenue from this measure would be \$39.3 million.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE (Roll Call 570):
No Pledge breakers

TAX INCREASE INCLUDED IN: HB 1113

- Introduced in the Senate: 3/18/04
- Failed in Senate on: 6/17/04

SUMMARY OF BILL:

- Imposes an estate tax on transfer of estates after death.

DETAILS:

- Imposes a tax on estates after death.
- The property is required to be above \$1,000,000.
- The tax is equal to the maximum allowable federal credit under the internal revenue code for estate, inheritance, legacy, and succession taxes paid to the states.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE (Roll Call 418):
No Pledge breakers

TAX INCREASE INCLUDED IN: SB 1111

- Introduced in the Senate: 3/18/04
- Passed by the House on: 9/22/04
- Passed by the Senate on: 9/8/04
- Signed by the Governor on: 9/30/04

SUMMARY OF BILL:

- Advances due date for county tax collections.

DETAILS:

- Advances the county property tax billing date from December to July, phased in over three years.
- In 2005, one-third of county property taxes would be billed in July, and two-thirds in December. In 2006, two-thirds would be billed in July, and one-third in December. In 2007, the entire amount would be billed in July. (July billings are due Sept. 15, and December billings are due Feb. 15.)

FISCAL IMPACT:

- This move allows the state to gain \$183 million, which would be used to make future state revenue-sharing payments to counties. The measure would amount to a tax increase of 16.3% over three years.

PLEDGE BREAKERS:

- HOUSE: (Roll Call 784)
De Rossett, Shaffer, Steil

SENATE: (Roll Call 612)
Kuipers

MINNESOTA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN MINNESOTA.

MISSISSIPPI

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN MISSISSIPPI.

MISSOURI

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN MISSOURI.

MONTANA

NO REGULAR SESSION HELD IN 2004, THUS NO TAX INCREASES WERE PASSED.

NEBRASKA

TAX INCREASE INCLUDED IN: LB 1144

- Passed by the Unicameral Chamber on: 4/7/04
- Tax increase line-item-vetoed by the Governor, then signed on: 4/13/04.

SUMMARY OF BILL:

- This measure will change funding provisions for the public transportation assistance and intercity bus system assistance programs.

DETAILS:

- The version of the bill passed through the legislature included an increase in the variable fuel tax of less than 1/10 of one cent per gallon.
- The Governor removed this increase before approving the bill.

FISCAL IMPACT:

- The fiscal impact of the original passed legislation would impose an additional \$991,088 in taxes.
- The final form will shift funds and will not have an impact on taxpayers.

PLEDGE BREAKERS:

- Unicameral Chamber (Roll Call in Journal for 4/7/04 pg. 1543):
There were no pledge breakers in this vote; both pledge signers, Friend and Jensen, were “present and not voting.”

NEW HAMPSHIRE

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN NEW HAMPSHIRE.

NEW JERSEY

TAX INCREASE INCLUDED IN: A 1826

- Introduced 1/13/04

SUMMARY OF BILL:

- Imposes tax on certain political contributions to provide funding for certain programs for senior citizens and disabled persons.

DETAILS:

- Imposes a tax on contributions received by a candidate committee, joint candidates committee, political committee, continuing political committee, political party committee or legislative leadership committee.
- The tax would be the responsibility of the committee and would not be paid by contributors.
- The rates of this tax is applicable to unmarried individuals under the New Jersey Gross Income Tax Act

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- ASSEMBLY:
No votes
- SENATE:

No votes

TAX INCREASE INCLUDED IN: A 2609

- Introduced 5/3/04

SUMMARY OF BILL:

- Increases taxes motor fuels.

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DETAILS:

- Increases taxes on motor fuels by three cents per gallon.
- Earmarks increase for abolishment of Garden State Parkway tolls.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- ASSEMBLY:

No votes

- SENATE:

No votes

TAX INCREASE INCLUDED IN: A 3113, S1773

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04
- Signed by the Governor on: 6/30/04

SUMMARY OF BILL:

- Increases cigarette taxes.

DETAILS:

- Increases the cigarette tax by 35 cents per pack of 20 cigarettes effective July 1, 2004.
- Currently, the State excise tax on cigarettes is \$0.1025 per cigarette, or \$2.05 per pack. This bill increases the tax to \$0.12 per cigarette, or \$2.40 per pack.

FISCAL IMPACT:

- This bill is expected to generate additional revenues at about \$100 million in FY2005 and \$95 million in FY2006.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04.):

Greenwald, Steele

- SENATE (Roll Call on 6/24/04.):
Connors Jr., Turner

TAX INCREASE INCLUDED IN: A 3125

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04
- Signed by the Governor on: 6/29/04

SUMMARY OF BILL:

- Imposes a gross receipts tax on certain cosmetic medical procedures.

DETAILS:

- Increases gross receipts tax by six percent on cosmetic medical procedures.
- This bill defines the taxable cosmetic medical procedures as any medical procedure performed on an individual which is directed at improving the procedure subject's appearance and which does not meaningfully promote the proper function of the body or prevent or treat illness or disease.

FISCAL IMPACT:

- This bill has been estimated to generate \$26 million in revenues annually.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

TAX INCREASE INCLUDED IN: A100, S1678

- Passed by the Assembly on: 6/21/04
- Passed by the Senate on: 6/21/04
- Signed by the Governor on: 6/28/04

SUMMARY OF BILL:

- Increases the gross income tax for certain taxpayers.

DETAILS:

- Increases gross income tax rate for taxpayers to 8.97 percent with taxable income over \$500,000 and temporarily adjusts withholding tax.

- Increases homestead rebates for certain homestead owners, folds NJ SAVER rebates into the Homestead Rebate program.

FISCAL IMPACT:

- The marginal income tax rate increase under this bill may generate an additional \$850 million in revenue for the Property Tax Relief Fund in Fiscal Year 2005.
- About \$660 million of the \$850 million revenue amount is from the annualized revenue increase, while about \$190 million is a one-time "windfall" because the imposition of the rate increase is retroactive to the beginning of Tax Year 2004.
- The OLS estimates that the annualized revenue will grow to about \$725 million in Fiscal Year 2006 and should continue to grow annually thereafter relative to the growth in incomes for higher income taxpayers.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/21/04):
Greenwald, Bodine, C. Connors, Steele
- SENATE (Roll Call on 6/21/04):
L. Connors, Turner

TAX INCREASE INCLUDED IN: A 3128, S 1775

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04
- Signed by the Governor on: 6/29/04

SUMMARY OF BILL:

- Establishes a new requirement for nonresidents to pay estimated New Jersey gross income tax on gain on New Jersey real estate transactions

DETAILS:

- The estimated tax will be based on the gain on the sale and will be at the highest personal income tax rate (8.97%).
- Requires estimated tax payments (with certain exceptions) on the sale of New Jersey real estate by nonresident individuals, estates, or trusts; imposes a general fee on all transfers of real property where the consideration is in excess of \$350,000.
- Imposes upon the buyer of real property zoned residential where the consideration is in excess of \$1 million, as additional separate fee equal to 1% of the full amount of the consideration

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Allen, Bark, L. Connors, Turner, Kean, Bucco

TAX INCREASE INCLUDED IN: A 3111, S 1657

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04
- Signed by the Governor on: 6/30/04

SUMMARY OF BILL:

- Decouples corporation business tax and gross income tax from changes in federal depreciation and certain expensing; provides incentives for business relocation and retention.

DETAILS:

- Since New Jersey uncoupled in 2002 from the 30% "bonus" depreciation that was allowed for certain property for federal tax purposes, the federal rules have been altered again by the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA), Pub.L.108-27.
- That federal law made two significant changes to the federal tax code that "flow through" to New Jersey tax laws. This substitute returns the New Jersey depreciation rules to New Jersey law as it stood before the enactment of the federal law, and gives the Director of the Division of Taxation authority to formulate rules and regulations to carry out the decoupling from federal law, including the necessary basis adjustments.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

TAX INCREASE INCLUDED IN: A 3127, S1659

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04
- Signed by the Governor on: 6/29/04

SUMMARY OF BILL:

- Establishes annual assessment on gross receipts of certain licensed ambulatory care facilities and requires licensure of certain health care services.

DETAILS:

- Establishes a gross receipts tax of 3.5% on certain ambulatory health-care facilities.
- The tax is capped at \$200,000.
- The tax rate for 2006 will be recalculated so as to produce the same amount of revenue as was collected in 2005, except that the \$200,000 cap remains unchanged.
- The 2006 rate will remain in effect for 2007 and thereafter.

FISCAL IMPACT:

- The proposed FY2005 Budget recommends the enactment of an ambulatory medical facilities assessment, which is estimated to generate a total of \$31 million in new revenue in FY2005.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

TAX INCREASE INCLUDED IN: A 3116, S 1781

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04
- Signed by the Governor on: 6/29/04

SUMMARY OF BILL:

- A special interim assessment on new written premiums was imposed on HMOs authorized to operate in New Jersey.

DETAILS:

- Establishes special interim assessment of 1% on health maintenance organizations to fund payments from the Health Care Subsidy Fund for charity care.
- Eliminates certain prohibitions on taxation of health maintenance organizations for the purpose of the special interim assessment; directs the State Treasurer and Commissioner of Banking and Insurance to under a comparative study of revenues received under certain insurance premium taxes to evaluate the equities of those tax schemes.

FISCAL IMPACT:

- This bill has been estimated to generate \$55 million in revenue annually.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

TAX INCREASE INCLUDED IN: A 3115, S 1713

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04

SUMMARY OF BILL:

- Imposes "general purpose fee" on certain realty transfers and fee on purchase of residential property for over \$1 million; generally clarifies realty transfer fee law.

DETAILS:

- This bill imposes a new "general purpose fee" on grantors of property whose value, as recited in the deed of transfer, is more than \$350,000. The "general purpose fee" applies to the full amount of the sale of the property.
- The bill also imposes upon the grantee (buyer) of real property zoned residential, whether improved or not, for consideration in excess of \$1 million, a separate fee equal to 1 percent of the full amount of the consideration.
- The revenue generated by the "general purpose fee" will be used for general State purposes.

FISCAL IMPACT:

- The Executive Branch projects that the increase in the realty transfer fee will yield increased annual revenue in the amount of roughly \$70 million, and that the new fee on transfers of residential property for more than \$1 million will yield increased revenue in the amount of about \$28.5 million.
- Since the fee increases will be imposed for only 11 months' worth of sales in FY2005, the yield from the two fees for that fiscal year are estimated to be about \$65 million and \$24 million, respectively, for a total of \$89 million.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

TAX INCREASE INCLUDED IN: A 3101, S 3101

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04

SUMMARY OF BILL:

- Revises outdoor advertising law and local tax treatment of certain outdoor advertising signs.

DETAILS:

- The bill provides that an outdoor advertising sign, the sign's supporting structure having the primary purpose of supporting the sign, its other constituent parts, and the foundation, if any, to which the supporting structure is attached, are deemed real property and are thus subject to local taxation.
- The bill also deletes subsection c. of R.S.54:4-1 that determines that steel outdoor advertising signs and their steel supporting structures are not real property for local tax purposes.
- The bill continues the current fee of 6% through June 30, 2006, reduces the fee to 4 percent from July 1, 2006 through June 30, 2007, and discontinues imposition of the fee thereafter.

FISCAL IMPACT:

- The Governor's proposed FY 2005 budget recommends the extension of the outdoor advertising fee and estimates current fiscal year revenue at \$10 million and estimates the extension of the fee to generate a total of \$10 million in new revenue to the State in FY2005.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Connors, Turner

TAX INCREASE INCLUDED IN: A 3106, S1660

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04

SUMMARY OF BILL:

- Creates local tire management program and establishes a fee on new tire purchases.

DETAILS:

- The bill imposes a fee of \$1.50 on the purchaser of a new motor vehicle tire if the purchase is subject to sales tax.
- The fee is also imposed on new tires that are component parts of a purchased or leased motor vehicle.
- The first \$2.3 million in fees collected is to be deposited in the Tire Management and Cleanup Fund, a nonlapsing fund in the Department of Environmental Protection. Additional fee revenues shall be available for appropriation to the Department of Transportation to support snow removal operations.

FISCAL IMPACT:

- The Governor's budget message anticipated that this fee would yield \$12.3 million in Fiscal Year 2005. The delayed implementation might be expected to reduce the revenue by about \$1 million.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

TAX INCREASE INCLUDED IN: A 3110, S 1715

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04

SUMMARY OF BILL:

- Limits the corporation business tax application of net operating losses to 50% of taxable income for tax years 2004 and 2005.

DETAILS:

- "Net operating loss" is a tax accounting concept; if a taxpayer has more business expense than business income in a tax year, the taxpayer has a net operating loss for that year. The net operating loss can be deducted in later years from taxable income to reduce tax liability.
- This bill cuts the amount of net loss that a corporation can deduct by half.

FISCAL IMPACT:

- Based upon earlier Executive Branch projections that extending full suspension of NOL deduction allowance would maintain \$275 million in CBT revenue, it is estimated that allowance of such deductions at the 50 percent level will maintain about \$140 million of CBT revenue in FY2005.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

TAX INCREASE INCLUDED IN: A 3112, S 1716

- Passed by the Assembly on: 6/24/04
- Passed by the Senate on: 6/24/04

SUMMARY OF BILL:

- Imposes a fee on mobile telecommunications and telephone exchange customers for funding certain costs of the 9-1-1 system and emergency response.

DETAILS:

- Imposes an "Emergency Preparedness and 9-1-1 System Assessment" fee of \$.90 on customers on each period bill:
 - charged by a mobile telecommunications company for each voice grade access service number as part of mobile telecommunications service provided to a customer billed by or for the customer's home service provider and provided to a customer with a place of primary use in this State, and
 - charged by a telephone exchange company for each telephone voice grade access service line provided as part of that telephone exchange service.

FISCAL IMPACT:

- The Executive budget proposal projects annual revenue from the fee on wireless telephone services at \$33 million.

PLEDGE BREAKERS:

- ASSEMBLY (Roll Call on 6/24/04):
Greenwald, Steele
- SENATE (Roll Call on 6/24/04):
Turner

NEVADA

NO REGULAR SESSION HELD IN 2004, THUS NO TAX INCREASES WERE PASSED.

NEW MEXICO

TAX INCREASE INCLUDED IN: SB 384

- Introduced on 1/28/04

SUMMARY OF BILL:

- This bill amends statute to increase the tobacco products tax from 25 percent of the value of the product to 35 percent.

DETAILS:

- The proposed tobacco products tax increase, although expressed as percentage of the value of sales, would likely lead to an equivalent percentage price increase.
- The proposed tax increases leads to a 10% increase in the average price of tobacco products, resulting in a 4% decline in taxable sales of tobacco products in the state.

FISCAL IMPACT:

- Expected to cost taxpayers \$1,500,000.

PLEDGE BREAKERS:

- House:
No votes
- Senate:
No votes

TAX INCREASE INCLUDED IN: SB 385

- Passed by the House on: 2/13/04
- Passed by the Senate on: 2/13/04
- Signed by Governor on: 2/18/04

SUMMARY OF BILL:

- The bill imposes a daily bed surcharge of six percent on the gross receipts of services provided by licensed nursing homes, licensed intermediate care facilities for the mentally retarded and licensed residential treatment centers.

DETAILS:

- The increased revenue could help the state obtain federal matching funds, which are distributed at a rate of \$3.00 of federal funds for every \$1.00 of state funds spent on Medicaid.

FISCAL IMPACT:

- An estimated \$22.5 million could be raised by the surcharge.

PLEDGE BREAKERS:

- House (Roll Call vote in HJ pg. 676)
No Pledge breakers
- Senate (Roll Call vote in SJ pg. 592)
No Pledge breakers

NEW YORK

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN NEW YORK.

NORTH CAROLINA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN NORTH CAROLINA

NORTH DAKOTA

NO REGULAR SESSION HELD IN 2004, THUS NO TAX INCREASES WERE PASSED.

OHIO

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN OHIO.

OKLAHOMA

TAX INCREASE INCLUDED IN: HB 2632

- Passed the House on: 3/03/04
- Passed the Senate on: 4/20/04
- Died in Conference 5/28/04

SUMMARY OF BILL:

- Bill would refer a constitutional amendment hiking Oklahoma's gasoline and diesel fuel tax to voter approval.

DETAILS:

- The bill refers to the people for their approval or rejection a proposed amendment to the Constitution of Oklahoma, adding a new section providing for tax on gasoline and diesel fuel.
- It seeks to gradually increase the gasoline tax over the next years, by:

- \$0.02 per gallon, July 1, 2005-June 30, 2006
- \$0.03 per gallon, July 1, 2006-June 30, 2007
- The diesel fuel tax is to increase by:
 - \$0.02 per gallon, July 1, 2005-June 30, 2006
 - \$0.04 per gallon, July 1, 2006-June 30, 2007
 - \$0.06 per gallon, July 1, 2007-June 30, 2008
 - \$0.08 per gallon, July 1, 2008-all subsequent years thereafter

FISCAL IMPACT:

- Using Fiscal Year 2004-05 estimates as a starting point, HB 2632 would generate up to \$87.1 million in gasoline taxes and \$54.1 million in diesel fuel taxes – a combined estimate of \$141.2 million

PLEDGE BREAKERS:

- HOUSE (RCS# 1761):
Graves, Hutchinson
- SENATE (Legislative Journal 4/20/04, p. 1223):
Smith, Taylor

TAX INCREASE INCLUDED IN: HB 2660

- Passed by the House on: 5/20/04
- Passed by the Senate on: 5/21/04
- Needs voter approval in November 2004 general election

SUMMARY OF BILL:

- Sends an 80 cents per pack cigarette tax increase plus significant increases in the tax rates of other tobacco products to the November ballot.

DETAILS:

- HB 2660 seeks new revenue to fund several health initiatives. Some targeted income tax relieve is included, but not enough to offset the tax increase. If approved by vote of the people in the November 2004 general election, the measure would:
 - Increase the price of cigarettes per pack by 80 cents.
 - Increase the price of little cigars by 27 mills
 - Increase the price of smoking tobacco by 40% of the factory list price
 - Increase the price of chewing tobacco by 30% of the factory list price

FISCAL IMPACT:

- HB 2660 is expected to raise more than \$200 million in new revenue and has the potential to generate another \$400 million in federal matching funds.

PLEDGE BREAKERS:

- HOUSE (House Journal 5/20/04, p. 1919):
Adkins; Balkman; Dank; Hutchinson; Miller (Doug), Perry; Pettigrew; Sullivan;
Tibbs; Worthen
- SENATE (Legislative Journal 5/21/04, p. 1578):
Fair; Nichols; Taylor; Wilcoxson

OREGON

NO REGULAR SESSION HELD IN 2004, THUS NO TAX INCREASES WERE PASSED.

PENNSYLVANIA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN PENNSYLVANIA

RHODE ISLAND

TAX INCREASE INCLUDED IN: H 7833

- Introduced on 2/12/04

SUMMARY OF BILL:

- Increase the tax assessed and levied on the sale of various types of beverages and liquors in the state.

DETAILS:

- \$3.21 tax on every thirty-one gallons of liquor produced in the state
- Sixty-four cents per gallon on still wine
- Eighty cents per gallon on sparkling wine
- \$4.01 per gallon on beverages over 30 proof
- \$1.18 per gallon on beverages under 30 proof
- Ethyl alcohol taxed \$8.01 per gallon

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

SOUTH CAROLINA

TAX INCREASE INCLUDED IN: S 531

- Passed in the Senate on 2/25/2004
- Introduced in the House on 3/2/2004

SUMMARY OF BILL:

- Provides for an excise tax on the gross proceeds of the sale of alcoholic liquor by the drink.

DETAILS:

- \$7.35 excise tax for each one-liter bottle of alcoholic liquor sold for on-premises liquor by the drink consumption.

FISCAL IMPACT:

- No fiscal note.

PLEDGE BREAKERS:

- Passed by a voice vote, pledge breakers unknown.

TAX INCREASE INCLUDED IN: H 5186

- Passed the House on 4/30/2004
- Passed the Senate on 5/6/2004
- Became law without Governor's signature on 5/26/2004

SUMMARY OF BILL:

- Provides for an increase in the levy of taxes for debt service and an increase in the levy of taxes for the general fund in Dillon County.

DETAILS:

- An increase of 1½ mills imposed for debt service.
- An increase of 1½ mills imposed for the general fund.

FISCAL IMPACT:

- No fiscal note.

PLEDGE BREAKERS:

- Passed by a voice vote, pledge breakers unknown.

SOUTH DAKOTA

TAX INCREASE INCLUDED IN: HB 1169

- Introduced on 1/22/04

SUMMARY OF BILL:

- Increase the tax on alcoholic beverages.

DETAILS:

- Eighty cents per gallon tax on malt beverages.
- \$2.76 per gallon tax on light wines.
- \$3.28 per gallon tax on all wines except sparkling wine.
- Ethyl alcohol taxed \$8.01 per gallon.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: HB 1170

- Introduced on 1/22/04
- Tabled by State Affairs committee on 2/11/04

SUMMARY OF BILL:

- Increase sales and use tax.

DETAILS:

- 4.85% tax increase on sales of tangible personal property.
- 3.85% tax increase on farm machines.
- 3.85% tax increase on leasing farm equipment.
- 3.85% excise tax on sales on oil and gas.
- 4.85% tax on services such as: abstractors; accountants; architects; barbers; beauty shops; bill collection services; blacksmith shops; car washing; dry cleaning; dyeing; exterminators; garage and service stations; garment alteration; cleaning and pressing; janitorial services and supplies; specialty cleaners; laundry; linen and towel supply; membership or entrance fees for the use of a facility or for the right to purchase tangible personal property or services; photography; photo developing and enlarging; tire recapping; welding and all repair services; cable television; and rentals of tangible personal property except leases of tangible personal property between one telephone company and another telephone company, motor vehicles.

- 4.85% tax on telecommunication services and transportation services.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TENNESSEE

TAX INCREASE INCLUDED IN: HB 2059

- Introduced on 1/13/04

SUMMARY OF BILL:

- Increases gasoline and other fuel taxes.

DETAILS:

- Five cents per gallon increase in gasoline and fuel taxes.
- Taxes will be on gasoline, diesel fuel, and natural compressed gasses.

FISCAL IMPACT:

- Expected to raise \$375 million for FY 2003-2005.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: HB 2179

- Introduced on 1/14/04

SUMMARY OF BILL:

- Increases the fees levied on petroleum products.

DETAILS:

- .002 cents per gallon tax increase on petroleum products.

FISCAL IMPACT:

- Expected to raise \$17 million for FY 2004-2006.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: HB 2292

- Introduced on 1/21/04

SUMMARY OF BILL:

- Increases the license and license renewal fees mortgage brokers.

DETAILS:

- Raises fees from \$500 to \$750.

FISCAL IMPACT:

- Expected to raise \$345,000 in two years.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TEXAS

TAX INCREASE INCLUDED IN: HB 5

- Introduced on 4/15/04

SUMMARY OF BILL:

- Increases in tax on cigarettes and other tobacco products.

DETAILS:

- \$70.50 per thousand on cigarettes.
- \$3.44 per ten cigars weighing more than three pounds or less.
- \$25.80 per thousand on cigars weighing more than three pounds.
- \$37.84 per thousand on cigars that contain no substantial amount of non tobacco ingredients.

- \$51.60 per thousand on cigars that contain substantial amount of non tobacco ingredients.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

TAX INCREASE INCLUDED IN: HB 30

- Introduced on 4/20/04

SUMMARY OF BILL:

- Increases in the rate of mixed beverage tax.

DETAILS:

- 15.4 percent tax is imposed on the gross receipts of a permittee received from the sale, preparation, or service of mixed beverages.

FISCAL IMPACT:

- No fiscal notes

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

UTAH

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN UTAH.

VERMONT

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN VERMONT.

VIRGINIA

TAX INCREASE INCLUDED IN: HB 5018

- Passed by the House on: 4/27/04
- Passed by the Senate on: 4/27/04
- Signed by Gov. Mark Warner on 6/3/04

SUMMARY OF BILL:

- Combined with SB 5005 HB 5018 amounts to a general tax increase of \$1.6 billion, the biggest tax increase in the history of Virginia

DETAILS:

- While the bill contains a few tax cuts, tax increases to raise new revenue supersede the tax relief by far. Specifically,
 - HB increases the state cigarette tax to 20 cents per pack in fiscal year 2005, and 30 cents in fiscal year 2006.
 - It increases the sales and use tax on non-food items from 4.5% to 5%.
 - It eliminates two common corporate tax loopholes.
 - It increases the Virginia state recordation tax which will increase by 10 cents, raising the rate to \$.25 per \$100.

FISCAL IMPACT:

- Combined with SB 5005, which caps the state's car tax reimbursements at \$950 million each year, the tax hike included in HB 5018 carried an original price tag of \$1.36 billion, but was increased due to a recalculation by the finance department, amounting to the final cost of \$1.6 billion over two years.

PLEDGE BREAKERS:

- HOUSE (Roll Call on 4/13/04 and 4/27/04):
Bryant, Morgan
 - Delegate Callahan must be added to the list of Pledge breakers. While he did not vote for HB 5018 in the final roll call, he supported the measure when it was first voted upon and thus helped pass the tax increase.
- SENATE (Roll Call on 4/27/04):
Potts

WASHINGTON

TAX INCREASE INCLUDED IN: HB 2519

- Passed by the Senate on: 3/4/04
- Passed by the House on: 3/9/04

- Signed by the Governor on: 3/22/04

SUMMARY OF BILL:

- Authorizes voter approved property tax levies.

DETAILS:

- A county with the population of ninety thousand or less may impose additional property tax levies in an amount equal to fifty cents or less per thousand dollars of the assessed value of property.

FISCAL IMPACT:

- There is no direct impact to the state, but impact on the counties will widely vary.

PLEDGE BREAKERS:

- HOUSE (Transcript No. 36):
Ahern, Benson, Schindler
- SENATE (Transcript No. 36):
McCaslin, Mulliken, Benton, Zarelli, Stevens

TAX INCREASE INCLUDED IN: HB 1510

- Passed by the House on: 2/6/04

SUMMARY OF BILL:

- Property tax levies.

DETAILS:

- Imposes up to a total of twenty-five cents per thousand dollars of assessed value of the tax levies.

FISCAL IMPACT:

- There is no direct fiscal impact to the state, but impact on the counties will widely vary.

PLEDGE BREAKERS:

- HOUSE (Transcript No. 58):
Ahern, Benson, Boldt, Crouse, Mielke, McMahan, Schindler
- SENATE:
No votes

WEST VIRGINIA

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN WEST VIRGINIA.

WISCONSIN

TAX INCREASE INCLUDED IN: SB 385

- Introduced on 1/14/04

SUMMARY OF BILL:

- Imposes a sales tax on leasing luxury box seats for the local professional baseball park.

DETAILS:

- Tax on luxury box, sky box, club seats.

FISCAL IMPACT:

- Expected to raise \$3.4 million in revenue from FY 2004 and FY 2005.

PLEDGE BREAKERS:

- HOUSE:
No votes
- SENATE:
No votes

WYOMING

NO TAX INCREASES REPORTED FOR THE 2004 LEGISLATIVE SESSION IN WYOMING.