Catalog of Tax Reform Options for Wisconsin

Institute for Wisconsin 's Future and
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Introduction

Wisconsin is a high performance state known for its productive capacity as well as its vigorous commitment to quality of life investments. But our state now faces a major challenge: weathering the national fiscal crisis in a way that protects vital services and infrastructure so communities are positioned to rebuild the economy.

Future business growth requires a network of effective public structures — an efficient justice system to enforce contracts, well-maintained roads for truck deliveries, good schools that prepare skilled employees and strong communities to attract talented entrepreneurs.

Even before the recent economic crash, state and local governments faced financial difficulties. Revenues have fallen short of what it takes to maintain state and local operations. This shortfall has resulted in budget cuts at every level of government. Schools are starved for funds; basic transportation infrastructure — from buses to bridges — suffers from underinvestment; the public health and justice systems are strained beyond limits; and social needs are increasing as the recession deepens.

The state revenue shortfall has reached a critical level–there is an estimated state deficit of $5 billion going into the 2009-2011 budget process.

Caught between increasing needs and stagnant revenues, Wisconsin faces difficult choices. There is a search for greater efficiencies in public institutions, but there are limits to what this can accomplish without harming essential services.

Wisconsin is not a high cost state for state and local government. It does not have a large state and local civil service. U.S. Census Bureau data show that Wisconsin ranks 42nd among the states in terms of public employees relative to population. Wisconsin ranks 21st among the states in revenue collected for state and local government — taxes and fees — as a percent of total income, according to Census Bureau data. This means that Wisconsin is in the middle ground among the states in what is collected from citizens to support state and local institutions.

Thus, it is necessary to examine the revenue side of the equation and find additional funds so communities have systems in place to surmount the current crisis, strengthening economic and social security for all citizens.

This catalog of tax reform options looks at a broad array of ways to increase revenue — not just raising taxes. Options include more effective ways of collecting taxes that are owed but not paid. Other proposals close loopholes that now allow select entities to manipulate the system.

There is no specific item in this catalog that is being endorsed by itself. However, a subset of these revenue options is necessary for a balanced approach to addressing the deficit while preserving vital public services and infrastructure.

Can Wisconsin afford to generate additional revenue for state and local government? The simple — and accurate — answer is: Can Wisconsin afford ***not*** to? Generations of Wisconsin's people worked hard to create a state where families and businesses could flourish. It is crucial that the decisions we make regarding the state budget protect this heritage and move it forward for the future.

Catalog Overview

The tables that follow detail a number of options for increasing revenue to Wisconsin's state and local governments. There are five categories: sales taxes; miscellaneous taxes; individual income tax; business taxes; and transportation taxes.

Each table includes four columns. The first column summarizes the possible tax law reform. The second column summarizes who would most directly be affected by the change.

The third column summarizes the "distributional effects" in terms of the standard distinction between progressive and regressive. A progressive tax is one in which the tax rate increases as the income to be taxed increases. Thus a progressive tax bears more heavily on taxpayers with higher income and more lightly on taxpayers with lower income. For example, an income tax that taxes high-income taxpayers at 10% and low-income taxpayers at 1% would be progressive. A regressive tax is the opposite: it falls more heavily on those with lower incomes. A tax that is neither progressive nor regressive is often called a flat or a proportional tax.

The fourth column estimates the annual fiscal impact of the change. These estimates are based on the most recent available data, primarily from government sources, which generally do not reflect very recent changes in the economy. The estimated impact assumes full implementation of the tax reform, which in some cases might take more than one year.

Catalog of Tax Reform Options: Sales Tax

TAX REFORM OPTION	TAXPAYERS AFFECTED	DISTRIBUTIONAL EFFECTS	FISCAL EFFECT (ANNUAL)
Adopt the Streamlined Sales Tax (SST) Agreement. This is way to collect sales tax revenue on purchases from the Internet and other mail order firms. Wisconsin would join 22 states already participating in this national project. By adopting nationally uniform sales tax definitions and administrative provisions (requiring minor changes in current law), the state would immediately collect taxes from over 1,100 non-Wisconsin retailers who currently do not collect Wisconsin sales tax, but voluntarily comply in states adopting the SST. At some point, Congress may allow states that follow the SST to require out-of-state retailers to collect sales taxes for all taxable purchases on the Internet.	Wisconsin residents who don't pay sales tax on their purchases from Internet and other mail-order sellers. Under current law, if they don't pay the tax on purchase they are supposed to (but rarely do) pay voluntarily through their income tax return. Wisconsin retailers must collect the sales tax, so they are at a price disadvantage compared with out-of-state retailers who don't collect the tax. This change would level the playing field. Adopting the uniform sales tax definitions would also reverse the revenue loss caused by the Wisconsin Supreme Court's recent Menasha decision, which ruled that under current law certain software was "custom" rather than "prewritten."	Progressive (assuming that customers of Internet and other mail-order firms are more concentrated among middle- and upper-income households)	$31 million. If Congress allows states to require out-of-state retailers to collect taxes on Internet, about $200 million or more. *[Note: these are estimates for the state. Counties and sales tax districts would also gain revenue.]*
Increase the state sales tax rate from 5.0% to 6.0%.	Based on assumptions in the Wisconsin Department of Revenue's 2004 Tax Incidence Study, 82% of the increase would be paid by Wisconsin residents, 9% by state businesses and 9% by residents of other states. Neighboring states' rates: Minnesota, 6.5%; Michigan 6.0%; Illinois 6.25%; Iowa 5.0%.	Mildly regressive	$850 million
Extend the sales tax to personal services. Beauty, barber, nail and other personal care; veterinary services for pets; health clubs; admissions to educational events and places; dues to business groups and fraternal organizations; auto club fees; funeral services and caskets and burial vaults	Primarily Wisconsin households, though businesses would pay a share.	Regressive	$90 million
Extend the sales tax to services for property. Commissions to real estate brokers; property repair; interior design; janitorial services; disinfecting and exterminating; sewerage services	Property owners, including homeowners and persons or businesses owning residential rental, commercial and manufacturing property	Mildly regressive for residential property; mildly progressive for business property.	$143 million
Extend the sales tax to business services. Computer services; management, scientific and technical consulting; scientific research and development; employment placement; public relations; credit rating and collection; investigation and security services	Businesses that contract for these kinds of services and households that purchase some of these services.	Progressive	$231 million
Extend the sales tax to non-medical professional services Legal; architectural, engineering, testing, laboratory and surveying services; accounting and tax preparation	Businesses that contract for these services and, to a lesser extent, households	Progressive	$237 million
Extend the sales tax to now-exempt utility services: Natural gas and electricity during the winter and other home heating fuels; water sold through mains	Households	Highly regressive	$145 million *(likely higher due to rising energy prices)*
Extend the sales tax to motor vehicle fuels.	Households and businesses, particularly those in transportation and shipping	Highly regressive	$403 million *(likely higher due to rising energy prices*
Extend the sales tax to newspapers, periodicals and shoppers guides.	Households, but also businesses purchasing these publications	Mildly regressive	$15 million
Extend the sales tax to advertising.	Newspapers, magazines, shoppers guides and other publications; radio stations, television stations and other businesses that sell advertising; businesses and, to a limited extent, households that purchase advertising.	Progressive	$70 million
Extend the sales tax to machinery and equipment used in manufacturing.	Manufacturers	Progressive	$145 million
Extend the sales tax to fuel and electricity used in manufacturing.	Manufacturers	Progressive	$56 million
Extend the sales tax to vehicles sold to common and contract carriers.	Commercial trucking and bus lines	Progressive	$19 million

Catalog of Tax Reform Options: Miscellaneous Taxes

TAX REFORM OPTION	TAXPAYERS AFFECTED	DISTRIBUTIONAL EFFECTS	FISCAL EFFECT (ANNUAL)
Reinstate the estate tax. Eliminated on Jan. 1, 2008, the tax was formerly imposed on estates with a taxable value exceeding $675,000 (depending on circumstances, could be $1.35 million for married couples). Rates ranged from 0.8% to 16%, with an average of about 5%. Because the state tax would be deducted in calculating federal estate tax, for most estates 40% or more would be offset by a reduced federal tax.	The estates of Wisconsin's wealthiest citizens—those of fewer than 2% of the residents dying each year. Estates left to a surviving spouse would not be subject to the tax.	Highly progressive	$120 million
Reinstate the estate tax with a $1 million exemption. Same as the previous option, except the exemption would be increased from $675,000 to $1 million.	The tax would be eliminated for 30%-40% of the estates subject to tax under the previous option.	Highly progressive	$95 million
Increase the real estate transfer fee from 30 cents to 40 cents per $100 of value. The state receives 80% of the revenues, with the remaining 20% going to the county in which the property is located.	Buyers and sellers of real estate in Wisconsin. On the transfer of a $150,000 home, the fee is currently $450; this option would increase the fee by $150 to $600.	Progressive	$16 million (plus $4 million for counties)
Raise the beer tax to about the national average. Increase the beer tax from $2 per barrel to $6 (which would amount to 11 cents per six-pack).	Affects beer consumers. Wisconsin has the second lowest beer tax in the U.S. Increasing it to $6 per barrel would put it at roughly the national median, which in 2006 was $5.74 per barrel (in Illinois).	Regressive	$18.8 million
Increase liquor and wine taxes by 50 percent. Increase the wine tax (currently 25 cents/gal. if the alcohol level is below 14%, and 45 cents/gal. above 14%) and liquor tax (now $3.25/gal.) by 50 percent.	Affects consumers of wine and liquor. In January 2007, Wisconsin's liquor tax was a little below the median among the 32 states that licensed the sale of liquor (excluding the 18 states that sell it through a complete or partial government monopoly).	Regressive	$21.5 million
Establish a hospital fee based on gross patient revenues.	Hospitals in general would have a net gain in revenues. The fee would go, in part, to increase state reimbursements for medical assistance and BadgerCare Plus. This increased reimbursement would be matched by higher federal reimbursement. In FY2009, hospitals would have received $366 million additional while paying $211 million in assessments, a net gain of $155 million.	Progressive	Would have freed up $65 million in FY2009 by replacing that level of general fund dollars that otherwise would have been used to pay for health care costs.

Catalog of Tax Reform Options: Individual Income Tax

TAX REFORM OPTION	TAXPAYERS AFFECTED	DISTRIBUTIONAL EFFECTS	FISCAL EFFECT (ANNUAL)
Increase the top marginal tax rate from 6.75% to 7.75%. In 2008, the highest marginal tax rate applies when taxable income is $142,650 for single persons, $190,210 for married couples or $95,100 for married persons filing separately (adjusted annually for inflation). The current top rate is only slightly higher than the next highest rate of 6.5%.	Higher-income taxpayers. A person with income of $250,000 would pay additional tax of $598 if married or $1,074 if single. A portion of the tax increase would be offset by lower federal taxes due to the federal tax deduction for state income taxes.	Highly progressive	$180 million
Lower the threshold at which the top marginal rate applies. Impose the 6.75% highest marginal tax rate when taxable income equals or exceeds $93,750 for single persons (currently $142,650), $125,000 for married couples (currently $190,210) or $62,500 for married separate filers (currently $95,100). Bracket amounts would be adjusted annually for inflation..	Higher-income taxpayers—those whose income has reached the new, lower thresholds at which the highest marginal tax rate is imposed. The maximum tax increase would be $163 for married couples or $122 for single persons. A portion of the tax increase would be offset by lower federal taxes due to the federal tax deduction for state income taxes.	Highly progressive (but not as progressive as previous option)	$20 million
Lower the threshold for the top marginal rate and increase the top marginal tax rate from 6.75% to 7.25%. Impose the 7.25% rate on taxable income equal to or exceeding $93,750 for single persons, $125,000 for married couples or $62,500 for married separate filers. Bracket amounts would continue to be adjusted for inflation.	Higher-income taxpayers whose income has reached the new thresholds at which the highest marginal tax rate applies. A person with income of $250,000 would pay $788 more in tax if married and $904 more if single. A portion of the tax increase would be offset by lower federal taxes due to the federal tax deduction for state income taxes.	Highly progressive (less progressive than raising the top rate alone, but more progressive than lowering the top rate threshold.)	$160 million
Reform the tax rate and bracket structure and increase the top marginal tax rate from 6.75% to 7.75%. • Impose a 4.6% rate on taxable income up to $12,000 (currently $9,510) for single persons, $16,000 (currently $12,680) for married couples and $8,000 (currently $6,340) for married separate filers. • Impose a 6.15% rate on taxable income above amounts subject to the 4.6% rate up to $45,000 (currently $19,020) for single persons, $60,000 (currently $25,360) for couples and $30,000 (currently $12,680) for separate filers. • Eliminate the 6.5% rate. • Raise the top marginal tax rate to 7.75% from 6.75% and impose it on taxable income above that taxed at 6.15%. Brackets would be adjusted annually for inflation.	There would be no change for the lowest-income taxpayers who are subject only to the lowest 4.6% marginal tax rate—those with Wisconsin adjusted gross income (WAGI) less than about: • $18,500 for single persons, • $19,600 for heads of households, • $22,000 for married couples, • $16,700 for married persons filing separately. Taxpayers with income exceeding those amounts would see a tax decrease if their WAGI was less than about: • $65,600 for single persons, • $66,200 for heads of households, • $87,900 for married couples, • $43,000 for married persons filing separately. Persons with higher incomes would see a tax increase.	Progressive	$240 million
Tax 100% of capital gains, as does the federal government. Wisconsin now excludes 60% of capital gains on assets held more than one year. Under federal law, all long-term capital gains are taxed, but at lower rates than other income. This could be combined with expanded exemption from capital gains taxes for investments in Wisconsin companies or start-ups.	Investors in stocks, bonds, real estate and other assets, and owners of farms and businesses when they sell those properties. According to the US Internal Revenue Service, more than 70% of capital gains go to persons with income exceeding $100,000.	Highly progressive	$277 million
Restore tax on up to 50% of social security. Up to 50% of social security benefits would be taxed if income was more than $25,000 for single persons and $32,000 for married couples. [This tax was eliminated beginning in 2008.]	Middle-income and upper-income persons receiving social security — primarily persons age 62 and older. A portion of the tax increase would be offset by lower federal taxes due to the federal tax deduction for state income taxes.	Moderately progressive	$100 million
Tax up to 85% of social security benefits, as does the federal government. This would tax up to 85% of social security benefits for income over $34,000 for single persons and $44,000 for married couples and up to 50% of benefits when income exceeded $25,000 for single persons and $32,000 for married couples.	Middle-income and upper-income persons receiving social security — primarily persons age 62 and older. According to the IRS, nearly 70% of federally taxed social security benefits go to people with adjusted gross income of $50,000 or more. A portion of the tax increase would be offset by lower federal taxes due to the federal tax deduction for state income taxes.	Moderately progressive	$152 million

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Eliminate the itemized deductions credit. The credit is allowed for medical expenses, mortgage interest on a primary residence in Wisconsin and charitable contributions, to the extent deductible for federal tax purposes. The credit equals 5% of these expenses in excess of the tax filer's standard deduction.	Persons whose itemized deductions exceed their standard deduction. Higher-income taxpayers benefit the most because they tend to have higher deductible expenses, especially mortgage interest and charitable contributions, and to have more of these expenses in excess of the standard deduction. In 2006, 9% of filers had income of $100,000 or more and 97% of them benefited from the itemized deductions credit; they received 54% of the tax reduction from this credit. Only 8% of filers with income less than $50,000, who account for 68% of all filers, received this credit; their share of the tax reduction was 8%. The remaining 37% of the credit was received by filers with income of $50,000-$100,000, who were 23% of all filers; 62% of the filers in this income category used the credit to reduce taxes. Alternatives for tax relief for activities currently benefiting from the itemized deductions credit include: • Increasing the standard deduction so more filers are eligible for it and so filers receive higher deductions. • Creating new credits for mortgage interest or charitable contributions that, like the school property tax and married couple credits, cap the maximum value of the credit. Caps could also be provided on the amount of interest and contributions eligible for the current credit. • Providing a credit for excessive medical expenditures.	Highly progressive	$321 million
Eliminate the married couple credit. The credit equals 3% of the wages of the lower-earning spouse, up to $16,000, for a maximum of $480.	Married couples when both spouses are working — primarily middle- and upper-income taxpayers. Couples with income less than $50,000 received 14% of credits in 2006; those with income of $50,000-$100,000 received 59% and those with income of $100,000 or more received 27%. Without the credit, some couples face a marriage tax penalty: they pay more tax than they would if they were taxed as two single filers. Since the credit was enacted in the late 1980s, the standard deduction, personal exemption and tax rates and brackets have changed substantially, but the impact of these changes on the marriage penalty has not been examined. An evaluation of the credit and its effectiveness is appropriate.	Progressive	$275 million

Catalog of Tax Reform Options: Business Taxes

TAX REFORM OPTION	TAXPAYERS AFFECTED	DISTRIBUTIONAL EFFECTS	FISCAL EFFECT (ANNUAL)
Adopt combined reporting. Currently, corporate families file a separate tax return for each corporation in the group regardless of the relationship among them. This creates incentives to avoid paying Wisconsin tax through shifting income to entities outside the state. Combined reporting would require corporations and their subsidiaries to file a combined report of the income of all affiliated corporations in a group, eliminating much tax avoidance. Combined reporting is a more comprehensive approach than alternatives that target particular strategies because it addresses the root of the problem: separate-entity accounting that is inconsistent with the reality of a global economy. It closes some strategies that can't be addressed by narrowly targeted options and it precludes the development of new strategies that narrowly targeted solutions may not envision.	Corporations that take advantage of Wisconsin's current separate-entity reporting regime to avoid taxes. Small, single-entity corporations, especially those operating only in Wisconsin, would not be affected. Some larger corporations operating regionally, nationally or internationally would see either a tax decrease or tax increase, depending on their current structure and the extent to which they manipulate that structure to reduce Wisconsin tax liability.	Highly progressive	$75 million or more, perhaps up to several hundred million dollars
Require publicly-held corporations to file annual disclosure of their income, tax liability and related information. The reports would identify related corporations and show deductions for management services, rent, royalties and other payments to these affiliates. The reports would become public after two years. Privately-owned companies would not be affected.	Corporations doing business in Wisconsin whose stock is publicly traded or for which 50% or more of voting stock is owned by a public company. Private firms would not be required to file a report. This would not generate tax revenue but would require disclosure of information that would help in evaluating Wisconsin's corporate income tax. Legislation requiring such reports was introduced as 2007 Senate Bill 367, the Corporate Tax Accountability Act.	Not applicable	$0
Disallow deductions for payments to or income from subsidiaries established outside Wisconsin for the purpose of avoiding income tax. Statutory language would be narrowly drafted to target specific tax avoidance strategies. The Department of Revenue (DOR) does challenge some of these practices. Recently enacted language (2007 Wisconsin Act 226) disallowing deductions for rent and interest paid to related entities will increase DOR's ability to challenge these tax avoidance practices. Additional language may provide further support to DOR.	Corporations that avoid Wisconsin tax by shifting income to subsidiaries outside Wisconsin — typically in states that do not have a corporate income tax (Nevada) or states with special treatment for certain kinds of income (Delaware for income from intangible assets or Vermont for insurance companies). The subsidiary claims it does not owe Wisconsin tax because it has no business presence in the state. The parent corporation claims a deduction for dividends received from subsidiary and lowers its Wisconsin tax through deductions for payments made to the subsidiary. Small, single-entity corporations would not be affected.	Highly progressive	Unknown — probably less than $10 million for any particular tax avoidance strategy.
Eliminate the domestic production deduction. Congress created this corporate tax deduction in 2004, and it is being phased in until it reaches its full effect in tax year 2010. Wisconsin is one of 27 states that have incorporated the deduction into state law. It allows tax deductions for "qualified production activities," which is a sweeping category that includes activities in other states.	According to the Center on Budget and Policy Priorities (CBPP), 94 percent of these deductions taken nationally by corporations were claimed by the 0.4 percent of firms with over $100 million (each) in assets. Quoting from CBPP: "The main beneficiaries are large, profitable corporations, especially oil companies. Struggling firms get little or no benefit. Multi-state firms can claim the deduction for activities in any state, so they have little incentive to shift jobs to states that allow the deduction."	Highly progressive	$158 million was projected for FY2009. Could rise significantly if oil prices increase again.
Oil company gross receipts tax. The Governor's 2007-09 budget bill proposed imposing a 2.5% tax on oil companies gross receipts from sales in Wisconsin.	The Governor's proposal included language intended to prohibit the tax from being passed through to consumers, though some argue that states would not be able to enforce such a prohibition.	Depends on whether it can be crafted to prevent the tax from being passed through.	$21.5 million

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Replace the corporate income tax with a gross receipts tax. • The tax would be imposed on corporations, S corporations, partnerships, limited liability companies treated as partnerships and sole proprietors. • The tax could be imposed at a rate sufficient to generate the same amount of revenue as the corporate income tax (an estimated $815 million in FY 2009). Or the tax could be set at a higher level to generate additional revenue. • The tax would be based on gross receipts without deductions. An exemption could be provided for small businesses, such as those with gross receipts less than $1 million (or some other level). Exemptions could be provided for certain businesses, for example, insurance companies subject to a gross premiums tax. • Existing credits against the corporate income tax could be retained or new credits created. • Multiple-entity businesses would be required to file a combined report for all entities that were part of the same business. • For businesses with operations in multiple states, the portion of receipts taxable by Wisconsin would equal gross receipts multiplied by the ratio of gross receipts in Wisconsin to total gross receipts. In the last two years, three states have enacted gross receipts tax: • The Michigan Business Tax, a business income and gross receipts tax that replaces a value-added tax called the Single Business Tax. • The Ohio Commercial Activity Tax replacing corporate franchise and personal property taxes. • A revised franchise tax in Texas, based on gross receipts rather than capital and earned surplus.	All businesses with gross receipts in Wisconsin above the minimum (such as $1 million). Some corporations that pay the current income tax would pay less tax; some would pay more. Other businesses would pay more tax, including: • Corporations not paying tax because they aren't profitable. • Corporation not paying tax because they shelter their income from taxation. • Businesses not subject to the corporate income tax, including S corporations, partnerships, limited liability companies treated as partnerships and sole proprietors. Companies at the end of the production/distribution chain would pay more than vertically-integrated companies and companies at the beginning of the chain because of pyramiding. [Pyramiding is multiple application of the tax to a product as it is sold from manufacturer to wholesaler to retailer.] The tax burden would shift somewhat from owners of capital, generally higher-income taxpayers who bear part of the burden of the corporate income tax, to consumers, who are likely to bear more of the burden of the gross receipts tax because it is generally passed along in the form of higher prices. To the extent the tax is used to generate additional revenue, it may be regressive. Revenues from a gross receipts tax will fluctuate with economic activity, but less than the corporate income tax. A gross receipts tax is simpler to administer and easier to enforce than a corporate income tax. The tax provides fewer opportunities for tax avoidance than the corporate income tax, and combined reporting by multiple-entity firms would help to limit these opportunities.	Mildly regressive	Amount of additional revenue, if any, would depend on the level chosen for the rate, and on the credits or exemptions that are provided. For example, estimates by the authors are that with an exemption of $500,000, a rate of 0.150% would generate about $1.03 billion in 2010; a rate of 0.175% would generate $1.2 billion; and a rate of 0.200% would generate $1.369 billion. With an exemption of $1 million, the 0.150% tax would generate $0.98 billion; a 0.175% tax $1.141 billion; and a 0.200% tax $1.302 billion. This compares with Fiscal Year 2007 corporate income tax collections of $890 million.

Catalog of Tax Reform Options: Transportation Taxes

TAX REFORM OPTION	TAXPAYERS AFFECTED	DISTRIBUTIONAL EFFECTS	FISCAL EFFECT (ANNUAL)
Restore indexing of the gas tax. From 1985 until 2006, Wisconsin's motor fuel tax was indexed so that it was automatically adjusted each year based on inflation. From 1985 until 1997, the formula also took into account changes in motor fuel consumption. A law enacted in 2005 repealed indexing (beginning after the automatic increase in April 2006).	Indexing makes gas tax increases more likely since it allows them to take effect without a vote in the legislature. Without indexing there is likely to be more upward pressure on drivers license and registration fees, which appear to be more regressive and don't discourage motor fuel consumption.	Gas tax increases are regressive, but likely to be less so than raising license or registration fees.	The fiscal effect would depend on what is used as the base year and the current inflation rate. Each penny on the gas tax yields roughly $32 million.
Graduate vehicle registration fees. More than half of the states have variable vehicle registration fees or annual vehicle excise taxes that are based on the value, age, or weight of the vehicle. For example, Michigan imposes vehicle registration fees based on the suggested retail price and age of the vehicle. In addition, a few of the states with a flat state registration fee allow locally-imposed property taxes or value-based excise taxes on vehicles.	Graduated registration fees increase the share of transportation financing that comes from people who buy new and more expensive cars. Assuming the graduated fees are applied prospectively to vehicles purchased after the effective date, the increase in revenue would phase in gradually.	Progressive	Adopting a fee structure modeled after Michigan's would generate an estimated $14.5 million in the 2nd year of the biennium, gradually growing to about $121 million in the 7th year.

Sources

All information is based on the most recent available data, primarily from government sources. Sources used include:

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Revenue estimate for FY2009

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