



Senate Finance Committee

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BILL SUMMARY

SENATE BILL 1388, PN 2084 (SENATOR EICHELBERGER)

Summary:

Senate Bill 1388 amends the Corporate Net Income Tax to expand the sales factor to 85%. Most corporations that conduct business in more than one state are required to use a three-factor apportionment in order to apportion their business income among the states where they have activity. The three-factor apportionment consists of property, payroll and sales factors.

Current Law:

Currently, the sales factor accounts for 70 percent of the apportionment formula, and the property and payroll factors each account for 15 percent. Under Senate Bill 1388, the sales factor would account for 85 percent, and the property and payroll factors would each account for 7.5 percent.

Fiscal Impact:

(Dollars in millions)

FY 08-09 Impact	FY 09-10 Impact	FY 10-11 Impact
\$ 22.8	\$ 73.8	\$ 86.6