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**Task Force on Comprehensive Revenue
 Restructuring**

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**FINAL REPORT
 DRAFT OUTLINE
 (9-25-08)**

Non-Voting Members
 Bernie Bottomly
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Adjunct Members:
 Linda Ludwig
 Gil Riddell
 Hasina Squires
 David Williams

Executive Summary & Recommendations

Chapter 1

- Charge from HB 2530
- Task Force Process & Deliberations
- Review of Past Tax Reform Efforts
- Review of Revenue System
 - Cross Section
 - Time Series

Chapter 2

- Cyclical State Projections—Lessons from 01-03
- Short Run Local Projections—Timber Task Force
- Long Run State Projections
- Long Run Local Projections

Conclusions:

- State system will continue to be volatile—another test coming
- State better prepared to respond to unstable revenue but changes needed
- State general revenue growth sufficient to meet current operating demands if periods of instability planned for and no new programs are added
- State needs additional revenue to address specific areas such as transportation & health care
- Local timber counties cannot fully replace lost revenue
- Over long term local revenue system cannot meet current operational demands—shortfall will be worse if inflation exceeds baseline projections

Chapter 3

Short Term Recommendations:

- Establish methodology for more reliable forecasting and more prudent budgeting; direct ending balances into rainy day fund
- Reserve fund management recommendations from Advisory Council
- Apply a “balanced budget” rule to ballot initiatives
- Reduce restrictions on local government’s ability to raise revenue and refrain from approving any new property tax expenditures or state level mandates on local governments.
- Develop systematic long-term budgeting process including long-term capital spending plan.
- Develop adequate revenue sources to meet state’s immediate critical needs.

Provide conceptual recommendations for 2009 bill draft.

Chapter 4

Long- Term Options

Recommendations for process

- Foundation
- How to get public involved
- Best use of Legislature & Legislative Committees

Major Approaches

- Establish goods and services retail sales tax combined with significant personal income tax reductions and low income property tax relief.
- Establish goods and services retail sales tax combined with elimination of property taxes for nearly all property owners.
- Establish modified gross receipts tax combined with elimination of corporate income tax.
- Swap portion of property tax revenue and personal income tax revenue between state and cities/counties.
- Options for modification of Measure 50.
- Broaden Personal Income Tax Base/Lower Rates.
- Establish new corporate franchise tax/Eliminate existing corporate income & excise tax
- Eliminate personal income tax/Substitute equal-yielding retail sales tax
- Develop set of local revenue options for cities and counties and special districts to diversify their revenue base.

Each approach evaluated based on:

- Static revenue impact
- Analysis of economic impacts
- Impact on stability of revenue system
- Impact on distribution of tax burden
- Impact on tax compliance & administrative costs

Major approaches are ranked or grouped based on these criteria