

**Better Choices for Connecticut:
Revenue Solutions for FY 2011**



Executive Summary

Better Choices for Connecticut is a broad-based community coalition that supports a balanced and equitable revenue system that reflects the priorities and values of the state's residents.

During this recession, the needs of Connecticut residents have grown, but the revenues necessary to meet those needs have declined. More than ever, families need quality health care, education, child care, training, and jobs. We need revenue solutions to address the gap between growing needs and reduced resources. Relying on budget cuts will harm our economy and leave us poorly positioned once the national recovery begins.

The biennial budget adopted last year was balanced using drastic budget cuts and short-term gimmicks that guarantee we will face a significant fiscal crisis as soon as the Rainy Day Fund is drained and federal stimulus dollars are exhausted. Connecticut requires sustainable solutions that will place us on solid fiscal footing and stabilize the state economy.

For this second year of the two-year budget cycle, we propose a revenue package that balances the Fiscal Year 2011 budget, preserves vital state services, and establishes an adequate revenue base that will prepare us for the significant deficits that are projected for Fiscal Year 2012 and beyond.

To achieve these ambitious goals, we propose the following revenue options:

- Increase income taxes for those who can best afford it;
- Delay reductions in the gift and estate tax;
- Either increase the sales tax or modernize it to cover services;
- Raise taxes on unhealthy products, including soda;
- Restore the scheduled Petroleum Gross Earnings Tax rate increase; and
- Tax excess profits of electricity generators.

In addition, Better Choices for Connecticut recommends a series of measures to promote transparency, accountability, and fairness in the budget process:

- Evaluate and reduce unproductive tax breaks (exemptions, deductions, and credits);
- Close corporate income tax loopholes by adopting mandatory combined reporting;
- Review and restructure business taxes; and
- Position the state to tax Internet sales.

Last Year's Budget Exacerbated the Fiscal Crisis

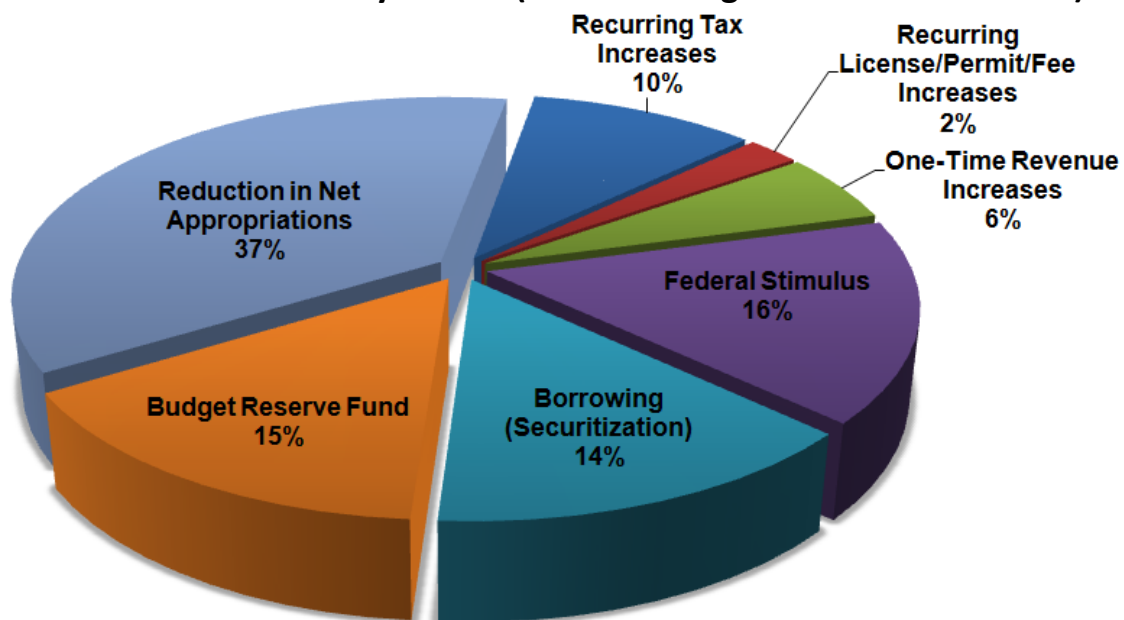
Last winter, the Better Choices for Connecticut coalition released a comprehensive package of revenue proposals to close the yawning gap between declining revenues and the expenditures necessary to maintain state services.ⁱ This five-part proposal included:

- (1) An increase in the income tax on the state's wealthiest residents;
- (2) The reform of corporate tax rules;
- (3) A modest increase in the sales tax, coupled with the creation of a State Earned Income Tax Credit and a Small Business Property Tax Credit;
- (4) A limitation on public subsidies to the entertainment industry; and
- (5) An increase in cigarette and alcohol taxes.

A contemporaneous poll released by the State Employees Bargaining Agent Coalition (SEBAC) demonstrated broad public support for several of these revenue ideas.ⁱⁱ Multiple polls from the Quinnipiac Polling Instituteⁱⁱⁱ and even a poll commissioned by Governor Rell^{iv} found that strong majorities of Connecticut voters supported raising taxes on high income earners.

Unfortunately, legislators ultimately adopted a budget that closed the deficit through excessive reliance on spending cuts and one-time infusions of revenue. The final budget slashed \$3.3 billion in spending relative to the Governor's estimate of the funds necessary to maintain current services. Spending cuts exceeded ongoing revenue increases by a factor of nearly three-to-one (Figure 1).^v Ongoing revenue increases are license, permit, fee, and tax increases that continue in future budget years unless specifically modified. These revenues are desperately needed to meet the fiscal challenges in the years ahead.

Figure 1. Deficit Reduction by Source (Biennial Budget for FY 10 and FY 11)^{vi}



As Figure 1 illustrates, the biennial budget ultimately passed by the General Assembly also relied heavily upon temporary measures rather than addressing the structural imbalance between our revenue and spending trajectories. More than half of overall deficit reduction came from special measures, including \$1.47 billion in federal stimulus support, \$1.38 billion in transfers from the Budget Reserve Fund, and \$1.29 billion in borrowing through the securitization of an unspecified future stream of revenue (Table 1).

Table 1. Deficit Reduction by Source (Biennial Budget for FY 10 and FY 11)

Type of Deficit Reduction	Biennial Budgetary Savings (millions)
Spending Cuts Relative to OPM Current Services Baseline	\$3,337.8
Federal Stimulus Funds	\$1,473.7
Budget Reserve Fund (Rainy Day Fund)	\$1,381.7
Securitization of Unspecified Revenue Stream	\$1,290.7
Recurring Tax Increases (and Reductions in Transfers from General Fund)	\$918.3
One-Time Revenue Increases	\$511.4
Recurring License/Permit/Fee Increases	\$214.3
Total Deficit Reduction	\$9,132.5

The budget included \$60.0 million from the sale of unspecified state assets and \$102.3 million in “fund sweeps” from off-budget accounts. Table 2 outlines the one-time revenue changes. If these one-time revenues are included, spending cuts still exceeded total revenue increases by a factor of roughly two-to-one.^{vii}

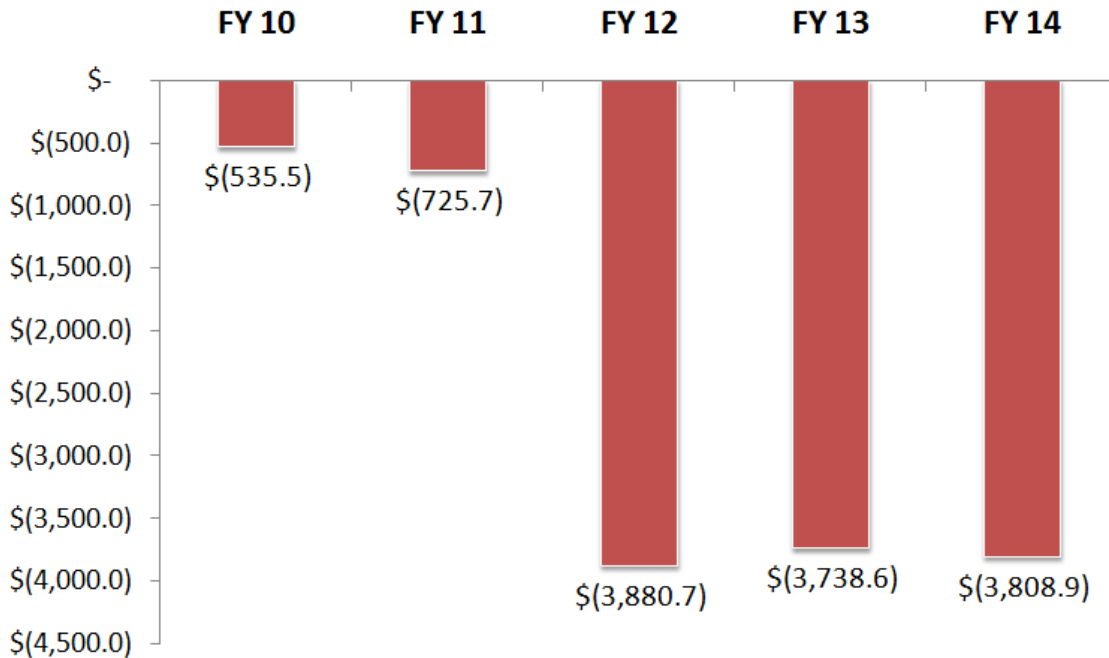
Table 2. One-Time Revenue Increases

Type of Revenue Increase	Biennial Budgetary Savings (millions)
Corporation Tax Surcharge (2009-2011)	\$115.2
Fund Sweeps	\$102.3
Sale of State Assets	\$60.0
Tax Settlement Initiative Program	\$60.0
Delay in Scheduled Income Tax Reductions for Single Filers	\$54.1
Reduction in General Fund Transfer to Mashantucket Pequot and Mohegan Funds	\$50.8
Shortened Time Frame for Payment of Estate Tax	\$44.0
Promotional Slot Revenue Payment	\$25.0
Total One-Time Revenue Increases	\$511.4

This combination of policy choices will leave the state woefully unprepared as the new Governor enters office in January 2011. The plan to sell future revenue streams for a one-time infusion of \$1.29 billion will cost an estimated \$216.5 million per year for the foreseeable future.^{viii} Connecticut will also face an additional \$238 million in debt service for each of the next seven years to pay down the \$1.02 billion in Economic Recovery Notes that were issued to close the FY 2009 deficit.^{ix} Moreover, the biennial budget included \$156 million in deferred pension contributions that must eventually be paid,^x and the Governor has exercised her right under her agreement with SEBAC to defer an additional \$100 million in pension obligations in both FY 2010 and FY 2011.

Simply put, the biennial budget pushed all of the difficult choices into the next budget cycle: The Office of Fiscal Analysis (OFA) projects that the deficit for FY 2012 will explode to \$3.9 billion and remain close to \$4 billion per year for the foreseeable future (Figure 2).^{xi} These chronic deficits are expected despite OFA’s assumption that the Connecticut economy will return to growth by mid-2010.^{xii}

Figure 2. General Fund Deficit Projections: FY 10 – FY 14 (millions of dollars)^{xiii}



The General Assembly did cast some bold votes in 2009. The biennial budget included several elements of the 2009 Better Choices proposals, including the creation of a new tax bracket of 6.5% for income over \$1 million per year (for joint filers); the modification of the Film Tax Credit to emphasize Connecticut-based operations, and an increase in the cigarette tax from \$2 to \$3 per pack.

Unfortunately, these modest adjustments did not match the scale of the fiscal crisis. When the biennial budget was adopted last fall without Connecticut setting itself on a sustainable course, two of the three leading ratings agencies (Moody’s and Fitch) revised our bond rating outlook from “stable” to “negative.”^{xiv} If Connecticut’s general obligation rating is downgraded to the “A” tier, Connecticut would likely be forced to offer higher yields on ten-year general obligation bonds, potentially on the order of 60-70 basis points. Higher debt service costs would further reduce funds available for the state’s operating expenses.^{xv}

Revenue Solutions for FY 11

If the legislature and the Governor had approved the Better Choices income tax proposal last year, Connecticut would not face a deficit in FY 11, and we would have made a substantial down payment on the large structural deficits expected in FY 12 and beyond.

We should not let the scales tip even further toward cuts to vital services. To achieve a genuinely balanced approach to eliminating the deficit in the second year of this biennial budget, we must close the remaining shortfall with new revenues. Better Choices for Connecticut endorses the following proposals to meet this challenge:

Make the Personal Income Tax More Progressive (up to \$600 million per year)

Even after Connecticut's recent income tax increase for very high-income households, Connecticut's wealthiest families still pay a much lower share of their income in state and local taxes (4.9%) that middle-income families (9.9%) and low-income families (12.0%).^{xvi} Adopting income tax rates of 6% on couples' income over \$200,000, 7% on couples' income over \$500,000, and 8% on couples' income over \$1 million would make our overall tax structure more balanced and preserve funding for crucial publicly funded services. (The recently passed Oregon tax referendum raises rates to 10.8% on income over \$250,000 and to 11% on income over \$500,000.)^{xvii}

Delay Reductions in the Gift and Estate Tax (\$75 million over the biennium)

The continuing revenue shortfall has prompted a delay in a planned reduction in the sales tax. If we cannot afford an across-the-board tax reduction, surely we cannot implement estate tax cuts that would exclusively benefit Connecticut's wealthiest individuals. Delaying the estate tax reduction will preserve a vital revenue stream and promote fairness in the tax system.

Increase Sales Tax Revenue and Equalize Contributions (\$210 million per year)

The sales tax is an important revenue generator. A half-percent increase in the sales tax (to 6.5%) would raise about \$260 million a year and still leave Connecticut's rate below neighbors such as Rhode Island (7%), New York City (8.25%), and New Jersey (7%).^{xviii}

To compensate for the disproportionate impact of the sales tax on working- and middle-class families, the state should adopt a refundable **Earned Income Tax or Sales Tax Credit** targeted to middle- and low-income families at a cost of about \$50 million per year.

Alternatively, we could raise a similar amount of revenue without raising the rate by modernizing the state sales tax and applying the 6% tax rate to services in the same way that we apply it to goods. Rather than specifying which services are taxed, services should be taxed unless they are explicitly exempted by statute.^{xix}

Restore the Scheduled Petroleum Gross Earnings Tax Rate Increase (\$20-25 million/year)

As gas prices soared in 2008, Connecticut eliminated a scheduled 0.5% increase in the Petroleum Gross Earnings Tax (from 7.0% to 7.5%). Since the rate reduction was enacted, crude oil prices have fallen nearly 40% and retail gasoline prices have fallen more than

30%.^{xx} Since prices have plummeted, it is time to restore this scheduled rate increase. When the increase was halted, the Office of Fiscal Analysis estimated that Connecticut would lose \$30.8 million in General Fund revenue and \$3.9 million in Transportation Fund revenue per year between FY 09 and FY 13.^{xxi} Given that petroleum prices have fallen, a restoration of the scheduled increase is expected to generate somewhat less revenue.

Raise Taxes on Unhealthy Products (more than \$15 million a year)

Raising taxes on items with negative health consequences can raise revenue and encourage healthy behavior. Taxes on cigarettes were raised last year; this year we should consider increases in taxes on alcohol, soft drinks, and fast foods. According to the tax calculator designed by the Rudd Center for Food Policy and Obesity at Yale University, a tax of 1 cent on every 12 ounces of soda consumed in Connecticut would raise more than \$15 million a year.^{xxii}

Tax Excess Profits of Electricity Generators (\$400 million/year)

The windfall profits accruing to for-profit electricity generators of electricity because of deregulation could be a significant source of state revenue and relief to rate payers. Company filings with the Federal Energy Regulatory Commission were used to estimate that imposing an assessment on 50% of profits over 20% of the return on equity would generate over \$400 million.

Measures to Promote Transparency, Accountability, and Fairness

Evaluate and Reduce Unproductive Tax Breaks

Connecticut's state tax code contains about \$5 billion dollars in credits, deductions, rate reductions, and exemptions that favor some business and individual activities over others and also diminish state revenue. Yet there is no system to evaluate whether these tax expenditures are an efficient use of resources and no way for the public to know who benefits from these tax breaks. The General Assembly has embraced the principles of Results-Based Accountability (RBA) in evaluating direct appropriations. Tax expenditures that make up the "hidden budget" merit equally rigorous review.

Close Corporate Income Tax Loopholes By Adopting Combined Reporting

Connecticut's tax system allows large, multi-state corporations to artificially shift profits to subsidiaries in states without corporate income taxes. This enables larger corporations to avoid their fair share of taxes, costing the state millions of dollars and shifting responsibility for taxes onto local businesses and individuals. Twenty-three states have already adopted mandatory combined reporting to resolve this problem.^{xxiii}

Review and Restructure Business Taxes

Business taxes in Connecticut have not been comprehensively evaluated since the early 1990s using principles of good government such as fairness, accountability, and cohesion. Connecticut's business taxes must be restructured to adequately support the public structures that enable a healthy business environment. Connecticut should convene a Business Tax Commission—similar to the commission recently convened in Massachusetts^{xxiv}—to

recommend changes to our business tax structure and ensure that these taxes bear a fairer relationship to a company's profitability and footprint in the state.

Position the State to Tax Internet Sales

The inability of states to enforce taxation of sales over the Internet lowers state revenues and puts local businesses at an unfair competitive disadvantage. Connecticut should modernize the sales tax by positioning itself to effectively tax internet sales as these issues are addressed at the federal level and through interstate compacts.

Better Choices Made by Other States

Nationwide Efforts to Raise Revenue

In the first six months of 2009, *thirty states raised taxes* to increase their state’s revenue and maintain funding for important services such as education, health care, and public safety.^{xxv} An analysis by the Center on Budget and Policy Priorities found that most states have also chosen this path during previous recessions. In the 1990-91 recession, 44 states increased taxes significantly, and in the 2001 recession, 30 states raised taxes. The Center’s analysis found that states that raised taxes during the 2001 recession were just as fast to rebound from the recession as states that did not, even though the states that raised taxes were typically climbing out of a deeper budget hole.

Between January and July 2009,

- personal income taxes were increased in 11 states,
- sales taxes rose in 12 states,
- business taxes were increased in 11 states,
- tobacco and alcohol taxes rose in 15 states,
- motor vehicle taxes and fees increased in 12 states, and
- other taxes rose in 15 states.

Recent Top-Bracket Increases in Personal Income Tax

The following states have recently enacted increases in personal income taxes for top-bracket taxpayers, according to the Center on Budget and Policy Priorities.

New York	New York enacted two temporary brackets for the 2009, 2010, and 2011 tax years. From 6.85% to 8.97% for those earning more than \$500,000. From 6.85% to 7.85% for those earning between \$200,000-\$500,000. (Note that under New York’s recapture provisions, the rate increases apply to all taxable income rather than the marginal income above the bracket thresholds.)
California	Raised top income bracket (income greater than \$1 million) from 9.3% to 10.3%.
New Jersey	In 2004, raised top rate to 8.97% on taxable income greater than \$500,000. In 2009, temporarily increased income tax: From 6.37 to 8.00% on income between \$400,000 and \$500,000. From 8.97% to 10.25% on income between \$500,000 and \$1 million. From 8.97% to 10.75% on income over \$1 million.
Maine	Created a new two-bracket income tax system, replacing previous four-brackets. (Income below \$250,000 taxed at 6.5% rate; income above \$250,000 taxed at 6.85% rate). Also expanded sales tax base.

Maryland	Income greater than \$1 million will now be taxed at 6.25%. (This increase is scheduled to expire after three years.) Also added three new rates ranging from 5.0-5.5% on incomes ranging from \$150,000 - \$1 million.
North Carolina	Placed temporary surcharge on upper-income taxpayers for tax years 2009 and 2010, resulting in a top rate of 7.75% on incomes \$60,000 and above.
Oregon	In a statewide referendum, Oregon voters added two brackets to the top of the income tax structure. Income between \$250,000 - \$500,000 will now be taxed at 10.8%, and income over \$500,000 will now be taxed at 11%. ^{xxvi}
Hawaii	Created three new temporary state income tax brackets. Income between \$300,000-350,000 will be taxed 9.0%; income between \$350,000-400,000 will be taxed at 10%; and income above \$400,000 will be taxed at 11%. Hawaii also raised the state's standard deduction and personal exemption by 10%, lowering tax bills for low-to-moderate-income families.
Wisconsin	Married couple with income over \$300,000: 7.75% rate Individuals/heads of households income over \$225,000: 7.75% rate.

The important efforts of many states to raise revenues have resulted in the preservation of many vital public services, including education, public safety, and healthcare. Oregon proves an important example of how necessary these services are to our families and communities, as the voters themselves voted to raise personal income taxes on higher-income households in order to maintain the state's quality of life.

Revenue Solutions for FY 11 – Related Bills

Make the Personal Income Tax More Progressive (up to \$600 million per year)

- HB 5170 – An Act Concerning a Mansion Tax (Finance Revenue and Bonding)
(tax on homes valued at over \$1 million if owner does not pay state income taxes)
- HB 5175 – An Act Imposing a Tax on Bonuses Received by Employees of Businesses that Received Funds under the TARP Program

Increase the Sales Tax and Create an Earned Income Tax Credit

- SB 8 - An Act Establishing an Earned Income Tax Credit (Finance Revenue and Bonding)
- SB 84 – An Act Concerning a State Earned Income Tax Credit (Finance Revenue and Bonding)
- HB 5178 – An Act Establishing a State-Earned Income Tax Credit (Finance Revenue and Bonding)

Raise Taxes on Unhealthy Products (more than \$15 million a year)

- SB 38 – An Act Imposing a Tax on Soft Drinks (Finance Revenue and Bonding)
- SB 437 – An Act Concerning the Tobacco Products Tax (Finance Revenue and Bonding)

Evaluate and Reduce Unproductive Tax Breaks

- SB 86 – An Act Concerning the Repeal of the Film Tax Credit Program (Finance Revenue and Bonding)
- HB 5132 – An Act Concerning a Blue Ribbon Commission to Review State Tax Expenditures (Finance Revenue and Bonding)
- HB 5169 – An Act Requiring a Cost-Benefit Analysis of State Tax Expenditures (Finance Revenue and Bonding)
- SB 432 – An Act Concerning a Review of Tax Credits (Finance Revenue and Bonding) (implementing PRI recommendations)

Close Corporate Income Tax Loopholes By Adopting Combined Reporting

- HB 5179 – An Act Concerning Unitary Reporting for Corporate Taxes (Finance Revenue and Bonding)

Review and Restructure Business Taxes

- HB 5133 – An Act Concerning a Restructuring of the Business Entity Tax (Finance Revenue and Bonding)

- HB 5191 & HB 5242 – An Act Concerning a Progressive Corporate Income Tax (Finance Revenue and Bonding)

Position the State to Tax Internet Sales

- HB 5481 – An Act Concerning the Collection and Remittance of the Sales Tax by Remote Sellers

Other Bills:

- SB 115 – An Act Reducing the Recent Increase in Hunting and Fishing License Fees and Increasing Certain Motor Vehicle Fees (Environment)
- SB 161 – An Act Establishing a State-Wide Property Tax (Finance Revenue and Bonding)
- SB 162 – An Act Concerning an Increase in the Hotel Tax (Finance Revenue and Bonding)
- SB 196 – An Act Concerning the Collection of Delinquent Taxes and Lottery Winnings (Public Safety and Security)
- HB 5092 – An Act Requiring the Reinstatement of Tolls on Major State Highways (Transportation)
- HB 5200 – An Act Concerning Information from Entities Participating in Tax Credit Programs (Finance Revenue and Bonding)

ENDNOTES

- ⁱ Better Choices for Connecticut, *State Budget Proposal*, Feb. 2, 2009, available at <http://www.betterchoicesforct.org/sites/betterchoicesforct.org/files/bud09whitepaper.pdf>.
- ⁱⁱ SEBAC, *Poll Shows Public has No Appetite for Cuts in Services Provided by the State*, Jan. 2009, <http://inthistgetherct.org/2009/01/poll-shows-public-has-no-appetite-for-cuts-in-services-provided-by-the-state/>
- ⁱⁱⁱ Quinnipiac Polling Institute, *Connecticut Voters Say Gov. Rell Copped Out On Budget*, September 16, 2009, <http://www.quinnipiac.edu/x1296.xml?ReleaseID=1373>; Quinnipiac Polling Institute, Connecticut Gov. Rell's High Approval Is Lowest Ever. July 22, 2009, <http://www.quinnipiac.edu/x1296.xml?ReleaseID=1352>; Quinnipiac Polling Institute, *Almost Everyone Likes Connecticut Gov. Jodi Rell*, May 9, 2007, <http://www.quinnipiac.edu/x1296.xml?ReleaseID=1060>.
- ^{iv} Ted Mann, *Secret Poll Designed to Help Rell in Budget Fight*, THE DAY, Feb. 11, 2010, available at <http://www.theday.com/article/20100211/NWS12/302119463/1018>.
- ^v We measured spending cuts relative to the current services baseline published in the Governor's February 2009 budget submission. We obtain comparable results when comparing final appropriated spending to the estimated expenditure baseline released by the Office of Fiscal Analysis in February 2009.
- ^{vi} Authors' calculations from OFFICE OF FISCAL ANALYSIS, BUDGET BOOK (2009); Governor's Budget, FY 2010-FY 2011 Biennium, Budget-in-Detail (2009); Office of Fiscal Analysis, *Highlights of the 2009-2011 Biennial Budget*, Aug. 31, 2009; Office of Fiscal Analysis; *FY 09 - FY 12 General Fund and Transportation Fund Budget Projections*, Feb. 2, 2009.
- ^{vii} Here, total revenue increases includes both recurring and one-time revenue increases but does not include federal stimulus dollars, securitization proceeds, or transfers from the Budget Reserve Fund.
- ^{viii} Office of Fiscal Analysis, *FY 10 - FY 14 General Fund & Transportation Fund Budget Projections*, Feb. 2, 2010, at 6.
- ^{ix} *Id.* See also OFFICE OF FISCAL ANALYSIS, BUDGET BOOK 22 (2009).
- ^x OFFICE OF FISCAL ANALYSIS, BUDGET BOOK 13, 16 (2009). The SEBAC agreement included a deferral of \$64.5 million in payments to the State Employee Retirement System in FY 10 (as well as a clause that permitted additional deferrals if the revenue situation worsened). The final budget also included more than \$31 million in deferrals to the judicial retirement fund and more than \$60 million in deferrals to the teacher's retirement fund. In total, an additional \$156 million of pension deferrals were included in the final budget.
- ^{xi} OFFICE OF FISCAL ANALYSIS, FY 10 – FY 14 GENERAL FUND & TRANSPORTATION FUND BUDGET PROJECTIONS 1 (2010).
- ^{xii} *Id.* at 12. Indeed, the Governor also projects that personal income in Connecticut will grow 1.9% in 2010-11. See GOVERNOR M. JODI RELL, FY 2010-2011 ECONOMIC REPORT OF THE GOVERNOR 123, tbl.90 (2010) (projecting growth in personal income for 2010-11).
- ^{xiii} Office of Fiscal Analysis, *FY 10 - FY 14 General Fund and Transportation Fund Budget Projections and Fiscal Information*, Feb. 2010
- ^{xiv} See, e.g., Office of the Governor, Press Release, *Governor Rell Writes Legislators, Warning of Bond Outlook Downgrade*, Oct. 27, 2009, <http://www.ct.gov/Governorrell/cwp/view.asp?A=3675&Q=449704>.
- ^{xv} *Municipal Market Data General Obligation Yields*, THE BOND BUYER, Feb. 3, 2010.
- ^{xvi} Institute on Taxation and Economic Policy, *Who Pays? A Distributional Analysis of the Tax System in All 50 States*, Nov. 2009, at 28. Distributional calculations incorporate deductibility of state and local taxes from the federal income tax.
- ^{xvii} Note, however, that Oregon permits deduction of federal income taxes paid.
- ^{xviii} See Tax Foundation, *State Sales, Gasoline, Cigarette, and Alcohol Taxes*, July 1, 2009, http://www.taxfoundation.org/files/state_various_sales_rates-20091006.xls.
- ^{xix} See generally CONN. GEN. STAT. ANN. § 12-412(11) (Westlaw 2010) (exempting all professional, insurance, and personal service transactions from Connecticut's sales and use tax).
- ^{xx} See 2008 Special Session, Public Act 08-2; Energy Information Administration, *Weekly Retail Gasoline and Diesel Prices*, available at http://tonto.eia.doe.gov/dnav/pet/xls/PET_PRI_GND_DCUS_NUS_W.xls (last visited Jan. 26, 2010); Energy Information Administration, *World Crude Oil Prices*, available at http://tonto.eia.doe.gov/dnav/pet/xls/PET_PRI_WCO_K_W.xls (last visited Jan. 26, 2010).
- ^{xxi} Office of Fiscal Analysis, Fiscal Note Re: SB 1000, available at <http://www.cga.ct.gov/2008/FN/2008SB-01000-R00-FN.htm>.

^{xxii} Yale University, Rudd Center for Food Policy and Obesity, *Revenue Calculator for Soft Drink Taxes*, <http://www.yaleruddcenter.org/sodatax.aspx> (last visited Feb. 19, 2010) (developed in collaboration with Frank J. Chaloupka, PhD, Professor of Economics, University of Illinois at Chicago).

^{xxiii} MICHAEL MAZEROV, CTR. BUDGET & POL'Y PRIORITIES, VAST MAJORITY OF LARGE NEW MEXICO CORPORATIONS ARE ALREADY SUBJECT TO "COMBINED REPORTING" IN OTHER STATES (2010), <http://www.cbpp.org/files/1-26-10sfp.pdf>.

^{xxiv} See Commonwealth Of Massachusetts, Study Commission On Corporate Taxation, *Final Report*, Dec. 28, 2007.

^{xxv} Center on Budget and Policy Priorities, Tax Measures Help Balance State Budgets. July 9, 2009. <http://www.cbpp.org/cms/index.cfm?fa=view&id=2815>

^{xxvi} Note, again, that Oregon permits deduction of federal income taxes paid, thereby lowering the effective marginal tax rate.