

Contracting Tax Research

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99811
907-463-3800

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

AND

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH
UNIVERSITY OF ALASKA
3211 Providence Drive
Anchorage, Alaska 99801

CONTRACT AMOUNT: \$10,000

The parties to this agreement, made and entered into this _____ day of _____, 1987, are the Legislative Affairs Agency, on behalf of the Joint Special Committee on Tax Policy, (hereinafter referred to as the "Agency") and Institute of Social and Economic Research of the University of Alaska, (hereinafter referred to as the "Consultant").

THE PURPOSE OF THIS AGREEMENT is to provide the Joint Special Committee on Tax Policy with a study as indicated in Clause I.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

The Consultant shall:

- (A) conduct a comparative economic analysis of personal income taxes, Permanent Fund dividends, and forms of state spending;
- (B) project how Governor Cowper's income tax bill, HB 154, will effect the Alaska economy;
- (C) analyze how reducing Permanent Fund dividends by an amount equivalent to the projected collections from the reimposed personal income taxes will affect the Alaska economy;
- (D) project the economic effects of alternative ways of reducing state spending by amounts equivalent to the projected personal income tax collections;
- (E) in measuring the economic impact, include aggregate personal income, aggregate disposable personal income, discretionary spending, total employment, and public and private employment;
- (F) take account of the fact that the State is experiencing an economic recession and that the impacts will necessarily be relative to this economic reality;

- (G) devote attention to such supply side economic considerations as the potential effects on economic incentives;
- (H) prepare and submit a final work plan to the Project Director within one week of the date of this contract; and
- (I) provide to the Joint Special Committee on Tax Policy a final written report of the comparative economic analysis as described herein.

CLAUSE II - PERIOD AND DATES OF PERFORMANCE AND TERMINATION

- (A) The work under this contract shall be completed and presented within thirty days of the date of the execution of this contract.
- (B) This contract may be terminated by the Agency upon delivery of written notice to the Consultant. If this contract is terminated, the Consultant shall be compensated for services provided under this contract to the date of termination if the Consultant provides the Agency with a written report containing a description of any research or analyses performed, a statement of the result or the conclusion formed based upon the research or analyses, and a copy of all data developed or acquired by the Consultant or the Consultant's agents in connection with this contract.

CLAUSE III - PROJECT DIRECTOR

The Project Director shall be Representative John Sund, Co-Chair of the Joint Special Committee on Tax Policy.

CLAUSE IV - COMPENSATION AND METHOD OF PAYMENT

- (A) For the work specified in this contract the Consultant shall be compensated in the amount of Ten Thousand and No/100 Dollars (\$10,000), payable upon acceptance by the Project Director of the final report specified in this contract, and upon receipt of a proper billing.
- (B) If payment is not made within 90 days after a billing submitted under (C) of this clause, the Agency shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent per month from the date payment becomes due to the date the payment is made. A payment is considered made on the date it is personally delivered or mailed to the Consultant.
- (C) The billing shall be submitted to the Project Director by the Consultant, and must be approved by the Project Director.
- (D) Total payments under this contract may not exceed Ten Thousand and No/100 Dollars (\$10,000.00).

CLAUSE V - OFFICE SPACE, EQUIPMENT, SUPPLIES, CLERICAL SUPPORT AND CERTAIN OTHER EXPENSES

- (A) Office space, equipment, supplies, clerical support and other

expenses that are necessary for the Consultant to carry out the Consultant's obligations under this contract shall be supplied by the Consultant at no cost to the Agency.

- (B) Duplicates of the final report specified in this contract may be produced by the Agency, and office space, equipment, supplies, clerical support and other expenses associated with duplication shall be supplied by the Agency.

CLAUSE VI - RECORDS AND DOCUMENTS

All documents, reports and writings generated as a consequence of work done under this contract are the property of the State of Alaska and, upon completion of the work or at the termination of this contract, shall be delivered to the Project Director.

CLAUSE VII - CERTIFICATION

Execution of this contract by the Executive Director or his designee hereby constitutes a certification that funds have been appropriated and encumbered for the amount of this contract.

CLAUSE VII - ASSIGNMENT

This contract may not be assigned to another party unless in writing and signed by all the parties to the contract.

CLAUSE VIII - MODIFICATION AND PREVIOUS AGREEMENTS

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties to this agreement. This contract may not be modified unless in writing and signed by all parties to the contract.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates indicated below.

CONSULTANT

INSTITUTE OF SOCIAL AND ECONOMIC
RESEARCH, UNIVERSITY OF ALASKA

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

DR. CLARK AHLBERG, Chancellor Date
University of Alaska

WARREN W. ENDICOTT Date
Executive Director

Accepted:

Approved as to form:

REP. JOHN SUND, Co-Chair Date
Joint Special Committee on Tax Policy
Project Director

TAMARA COOK, Director Date
Division of Legal Services

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

☐ 1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

☐ 1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

☒ P.O. BOX K-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

December 19, 1986

John Hartle
Representative John Sund's Office
P.O. Box V
Juneau, AK 99811

Dear Mr. Hartle:

You have asked that I provide you with the names of some people who might be good consultants to the Committee on Tax Policy. What follows should not be regarded as an exhaustive list. These are just some people that I am familiar with through my work in this area.

1. Prof. Ed Deakin
Accounting Department
University of Texas
Austin, Texas

You have seen Professor Deakin's affidavit that we submitted in support of the separate accounting litigation. Ed is a professor of accounting, and can be of great assistance in analyzing tax returns, annual reports and the like.

2. Taxecon - Thomas Horst et al.

You have said that these folks contacted you directly. We have used Taxecon in both the separate accounting litigation and in the TAPS dispute. As they told you, they have done tax consulting for quite a few states.

3. Walter Hellerstein
Of Counsel
Morrison & Foerster
2000 Pennsylvania Ave., N.W.
Suite 5500
Washington, D.C. 20006

Walter and his father Jerome have both written extensively in the area of state and local taxation. Walter worked with the state on the timber primary processing litigation; his new book "State and Local Taxation of Natural Resources in the Federal System" is an excellent reference in

John Hartle
Representative John Sund's Office

December 19, 1986
Page 2

this area. Walter is a national authority on the constitutional limitations of state taxation.

4. Norman Rusch
917 Lakewood Road
Fairfield Glade, Tennessee 38555

Norm used to be the head of Shell Oil's tax department, and is now consulting. He has been a long-time proponent of separate accounting for oil production income, and was so for Shell whether or not that position cost the company money. He could speak with an industry perspective to such issues as what is "marginal," tax effects on industry incentives and the like.

5. Stuart Smith
Shea & Gould
330 Madison Avenue
New York, N.Y. 10007

Stuart was in the Solicitor General's office for years, and handled all the interstate taxation issues. He is now in private practice. As well as being an expert in interstate taxation, Stuart would bring a federal perspective to the inquiry; that is, he could address issues like how likely is it that Congress will impose a cap on state severance taxes; how likely is it that Congress will require states to abandon worldwide unitary apportionment.

Sincerely,

RONALD W. LORENSEN
ACTING ATTORNEY GENERAL

By: 
Deborah Vogt
Assistant Attorney General

DV:jf

cc: Gregg Erickson
OMB
Royce Weller
Department of Revenue

YTD AUTHORIZATION BALANCE
COLLOCATION CODE EXPENDITURES BY ACCOUNT
31925641-87 JSC ON TAX POLICY
COA:1987

RRN:0016640 RSN:00749 12/10/86
HISTORICAL

ENTITY NUMBER - DESCRIPTION	AUTHORIZED BUDGET	OBLIGATED EXP/ENC	BALANCE
S** 70000 TOTAL EXPENDITURES	140,000	10,326	129,674
S** 71000 PERSONAL SERVICES	140,000	0	140,000
S** 72000 TRAVEL	0	10,236	10,236-
S** 73000 OTHER SRVCS & CHARGE	0	84	84-
S** 74000 SUPPLIES	0	6	6-

FOR NEXT SECTION ENTER==> NUMBER _____ YEAR _____ LEVEL LIMIT ____
PF1=MENU PF6=RPT REQUEST MAINTENANCE

MARGO W. WARING
1215 Fifth Street
Douglas, AK 99824
(907) 364-3155 (Home)

EDUCATIONAL RECORD

1963	Washington Square College, New York University BA Major: English Language and Literature Minor: History, Philosophy
1965	University of Illinois, Urbana, Illinois MA Major: English Literature
1969	University of Wisconsin, Madison, Wisconsin [PhD] ABD Major: English Language and Literature

HONORS

New York University	Phi Beta Kappa, graduation "cum laude", three awards for scholarship and leadership, New York State and New York University scholarships
University of Illinois	University Fellowship
University of Wisconsin	Ford Foundation Fellowship

ADDITIONAL EDUCATION

University of Alaska, Juneau: Statistics; Computer Use. American Management Institute: Supervisory Management. State of Alaska: Public Participation in Planning. New York University: Environmental Decision Analysis. American Society of Planning Officials: Onshore Impacts of Outer Continental Shelf Development. University of Washington: Environmental Mediation.

PUBLICATIONS

Ethics, A Handbook for Public Employees
State of Alaska, December 1986, 12 pp,

Ethics, a Handbook for Members of Boards and Commission
State of Alaska, 1986, 12 pp,

Budget Reserve Fund (co-author)
Office of Management and Budget, January 1986
31 pp.

The Energy Program for Alaska - Origins and Evolution
Office of Management and Budget, March 1985
122 pp.

PUBLICATIONS (cont.)

"Resources in Review," Review of Fiscal Federalism and the Taxation of Natural Resources,
McClure, March 1983.

Inventory: Executive Branch Long-Range Planning Projects
Office of Management and Budget, 1983
112 pp.

Deinstitutionalization
Department of Health and Social Services, 1975
44 pp.

Issues in Alaska's Environment
Alaska Department of Environmental Conservation, 1978, 70 pp.

Wetlands' Policies/Wetlands Conference Proceedings
Alaska Department of Environmental Conservation, 1979

Coal Development/Impact Mitigation
National Academy of Sciences, 1980

The Politics of Jealousy
Governor's Office, 1981

Resource Revenues, Conference Proceedings
Governor's Office, 1981

Report to the Governor, 1980
Governor's Office, 1981

JOB EXPERIENCE

February 1983-1987

Principal Analyst
Governor's Office
Office of Management and Budget

Responsible for providing high-level technical policy analysis, especially for developing policy analyses relating to legislation and to key state financial issues. Special work on energy policies and projects, and Budget Reserve Fund related fiscal issues. Function independently under general supervision.

Reference: Gordon S. Harrison

1981 - 1983

Senior Policy Analyst
Legislative Budget and Audit Committee

- 1981 - 1983 (cont.)
- Responsible for development of a program to meet new statutory obligations of the Legislative Budget and Audit Committee in oversight of the state's investment and lending programs; analysis, design and implementation of information collection and performance evaluations, multi-program policy coordination, coordination with relevant executive and legislative programs; dealing with the public; conferences and contract development and compliance. Also responsible for analysis of legislation and for development and analysis of legislation in the natural resources area.
- Function independently under general direction of the chairman.
- 1980
- Policy and Program Specialist I
Office of the Governor
- Sole professional staff to the Governor's Growth Policy Council. Responsible for policy development and analysis in economic, taxation, local government, and renewable resource development areas: development of position papers, conferences, media presentations, and publications; development and analysis of proposed legislation, interaction with the public and Governor's immediate staff.
- Function under general directions from the Lt. Governor and the director, Division of Policy Development and Planning.
- 1980
- Policy Planner/Analyst
Senator Arliss Sturgulewski
- Responsible for analysis of policy issues and development of legislation in health care, coastal zone management, revenues and the permanent fund, capital projects, energy issues, local government organization.
- 1977
- Senior Planner
Division of Planning, Department of Environmental Conservation
- Responsible for the development, production of the Alaska Environmental Plan; water resources planning, including development of watershed and wetlands policies, design of and criteria for state water quality certification program; departmental legislation and legislative analysis.

1975

Associate Planner

Office of Planning and Research, Department of Health and Social Services

Responsible for design and management of and review and comment for departmental A-95 Clearinghouse; health care policy; health manpower planning for mid-level practitioners; technical assistance to state and local agencies; extensive work with citizen and advisory groups; special projects; emergency medical services program development; multi-agency review and decision process; departmental policies for OCS, including social impact assessment study and management policies.

1974

Associate Coordinator

Office of Development Disabilities, Department of Health and Social Services

Work with interest groups and state agencies to plan for and coordinate statewide services; developed Alaska Deinstitutionalization Plan; needs assessment; statistical data gathering and analysis; writing State Plan and Manual for Grant Management and evaluation; draft legislation and policy position.

Supervisory

1973

Information Officer/Outreach Consultant

Division of Family and Health Services, Department of Health and Social Services

Data gathering for assessment of statewide information needs; printed materials development and distribution, in addition to radio, TV, media appearances. Internal and external information functions (booklets, reports, workshops, etc.) for newly introduced Supplemental Security Income Program.

Supervisory.

1973

Proofreader for Legislature
Legislative Affairs Agency

Alaska Department of Revenue
Various Tax Types, Statutes, Rates, Incidence, Revenues
1986

<u>Statute</u>	<u>Tax Type</u>	<u>Yr. Estab.</u> <u>(Last Am.)</u>	<u>Effective Tax Rate</u>	<u>Tax Incidence</u>	<u>Revenues (projected)</u>		<u>FY 87</u>	<u>FY 86</u>
					<u>FY 85</u>	<u>FY 86</u>		
AS 10.25.550 - 555	Elec. & Tele. Coop. Tax	Elec. 1960 Tele. 1955 (1980)	1% under 5 yrs. 2% over 5 yrs.	gross receipts	1,600	1,800	1,600	1,600
AS 16.51	Seafood Marketing Assessment	1981	.002%	Purchase Price or Value	1,000	1,000	1,000	1,000
AS 21.09.210	Insurance Premium Tax	1939 (1986)	2.7% for Domestic and Foreign 6. % Hosiptal and Medical Service Corp's	Premium	17,500	18,000	16,000	16,000
AS 43.20	Corporate Income Tax	1949 (1982)	1% to 9.4%	Net Income	204,600	220,000	200,000	190,000
AS 43.31	Alaska Estate Tax	1919 (1960)	limited to Fed. credit for state tax	Estate	500	600	600	600
AS 43.35	Coin Operated Devices and Punchboards	1947						
AS 43.40	Motor Fuel Tax	1945 (1983)	Marine 5¢ per gallon Highway 8¢ per gallon Aircraft 4¢ gas 2.5¢ jet fuel	Excise	4,300 23,700 8,000	4,000 22,500 8,000	4,700 22,500 8,000	4,700 23,000 8,000
AS 43.50	Tobacco Tax	1955 (1985)	8 mills (16¢ per pack)	Excise	2,000	5,700	7,500	7,500

<u>Statute</u>	<u>Tax Type</u>	<u>Yr. Etab.</u> <u>(Last Am.)</u>	<u>Effective Tax Rate</u>	<u>Tax Incidence</u>	<u>Revenues (projected)</u>		<u>FY 65</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>
AS 43.55	Oil & Gas Properties Production Tax	1955 (1981)	12.25% or 15% of gross value (or 60¢ per barrel) at point of production multiplied by E.L.F.	Severance	1,386,700	1,114,300	770,500	533,000		
AS 43.56	Oil & Gas Exploration, Production & Pipeline Transportation Property Tax	1973 (1981)	20 mills	Property	128,400	98,900	89,000	81,000		
AS 43.57	Oil & Gas Regulation and Conservation Tax	1955 (1973)	one eighth of one cent per barrel	Severance	700	700	700	700		
AS 43.60	Excise Tax on Intoxicating Liquors	1933 (1983)	malts 35¢ per gallon wines 85¢ per gallon distilled \$5.60 per gallon	Excise	13,900	13,900	13,900	13,900		
AS 43.65	Mining License Tax	1913 (1980)	3% to 7%	Net Income	300	300	300	400		
AS 43.70	Alaska Business License Tax	1949 (1984)	\$25.00 fee	Annual Fee	36,000*	2,000	2,000	2,000		
AS 43.75	Fisheries Business Tax	1913 (1986)	Canned Salmon, shore/based 45% shore/based 3.0% Floating 5.0%	Purchase Price or Value	5,600 8,500 4,800	5,200 9,000 5,000	5,200 9,000 5,000	5,200 9,000 5,000		
AS 43.76	Salmon Enhancement Tax	1980 (1981)	Cook Inlet 2% Prince William Sound 2% Northern Southeast 3% Southern Southeast 3%	Purchase Price or Value	2,000	4,200	4,200	4,200		

* The large amounts in FY 85 are the result of litigation in favor of the State on gross receipts taxes for years prior to 1979.

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

December 19, 1986

Representative John Sund
Chairman Joint Tax Policy Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Sund:

Per my telephone conversation with Mr. John Hartle, The Policy Economics Group is pleased to provide you with a brief description of the tax analysis and policy services we offer. This letter is organized as follows:

- Overview of The Policy Economics Group
- Policy Economics proprietary tax models and data bases
- Summary of services

1. The Policy Economics Group

The Policy Economics Group is widely recognized as the leading tax analysis, policy, and revenue estimating firm in the U.S. Today. We have gained this position by virtue of our proprietary microsimulation tax models, data bases and the unparalleled qualifications of our professional staff.

In the early 1980's, we developed a large scale comprehensive computer models and data bases to simulate federal and state income tax systems. Our models contain more than 20,000 lines of computer coding, and the data bases were constructed by a unique process that merges information from actual IRS Tax Returns and Data from the current population survey. Other information items were added by the application of statistical and econometric techniques to a number of specialized data sources. Our models are designed to simulate Federal and state tax revenues for every state and to analyze Tax Policy Options for each state, including Alaska.

The professionals of The Policy Economics Group helped design and construct the data bases and models used by the U.S. Treasury and The Joint Committee on Taxation to analyze The Tax Reform Act of 1986. Current clients also include the States of Michigan, Minnesota, Maryland, Virginia, California, New York, New Jersey and The Commonwealth of Puerto Rico. Attachment 1 provides a selected list of our clients.

The Professional staff of the Policy Economics Group comprises of the leading authorities in the fields of tax policy,

**Policy
Economics
Group**

1730 M Street, NW
Suite 910
Washington, DC 20036
(202) 822-0721

State Street Centre
at 80 State Street
Suite 1003
Albany, NY 12207
(518) 462-4521

tax modeling, and revenue estimating. Many members of our staff have held Senior positions in The Treasury department, Joint Tax Committee, and the office of management and budget. Attachment 2 provides brief descriptions of select members of our staff.

2. Policy Economics Proprietary Tax Data Bases and Models

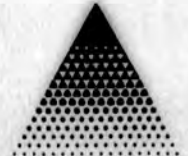
The Policy Economics federal tax models are similar to the models our professionals helped develop for The Department of the Treasury and The U.S. Joint Committee on Taxation. Our current data bases have been enhanced with additional public use computer files and are larger than those used by the Treasury. We have also expanded our tax model to permit the simulation of state tax liabilities by developing a set of individual state tax calculators, and by developing an individual data base for each state. The Policy Economics Personal Income Tax Model is therefore able to examine federal and state tax revenues for every state.

(1) Individual Data Base

The basic structure of the Policy Economics data base is derived from a statistical merger of a sample of Federal income tax returns and the Current Population Survey. The statistical procedures used in creating this data base were the same as those used by Policy Economics to assist in the preparation of the personal income tax data base currently used by the U.S. Department of the Treasury.

The tax return data are from the 1981 Statistics of Income (SOI) file that is generated annually by the Internal Revenue Service and were extrapolated to 1986 levels. This data file contains approximately 140,000 actual tax returns and is the data file that the U.S. Treasury Department has used as the primary data source for Treasury and Joint Tax Committee tax analyses. The returns in the file are a stratified, random sample from all returns filed, and each return has a statistical weight indicating the number of returns it represents in the U.S. population.

Data from the 1983 Current Population Survey that were merged with the tax data are from a sample of approximately 70,000 records. These data include demographic information, nontax filer information, and information on nontaxable income sources not found on the Statistics of Income file. Like the tax data described above, the data in this large sample were statistically weighted to represent the entire U.S. population.



To merge these two large data files, a linear programming model was developed that matched the records on the files on the basis of comparable information found on both files. Such information includes income, marital status, family size, homeownership, and other items. The merging of these two files produces a significantly enhanced file that combines the income and tax information from the Statistics of Income data with the demographic characteristics and information on nontax filers and nontaxable income sources from the Current Population Survey. The combined file includes over 500 items of information for each record. Attachment 3 provides a list of selected taxpayer characteristics.

In addition to the merge of the Statistics of Income and Current Population Survey data, the Policy Economics tax data base has been further expanded by adding information on income sources, expenditures, and asset holdings not available in either of these data bases. The techniques used to further expand the data base were essentially the same as those for merging the two larger data bases. The further expansion of the data base involved a major data collection effort by Policy Economics as well as the extensive statistical process of imputing additional information to the file.

As a result, Policy Economics has imputed to each record on the file such information as the industry in which taxpayers are employed, fringe benefits, employer-paid benefits, detailed consumption expenditures, and school enrollment status. During the imputation process, consistency checks were employed to assure that the totals for each of the imputed items are consistent with aggregate data for the U.S. economy.

The records in the file are classified by the state of residence. This classification serves as the basis for our state models and for the analysis of federal-state tax relationships.

(2) The Individual Tax Model

The model replicates the process undertaken by taxpayers to minimize Federal tax liability or maximize after-tax income. Each simulation produces tax liability under current law and proposed law and displays the resulting changes in tax liabilities over a large range of taxpayer return, income and demographic characteristics. In effect, the model calculates the tax bill for each sample household and aggregates the results.



Because of the availability of this uniquely large data base for tax analysis, the Policy Economics model can analyze a very broad spectrum of tax changes, from the comprehensive proposals such as those made by the U.S. Treasury, the House Ways and Means Committee and the Senate Finance Committee, to specific changes in individual provisions in the federal tax code. Further, the data base can be used to develop tax plans at the federal and state levels that are based on any type of income, property, sales, or other taxable items, as well as items that have been previously untaxed, such as consumption and asset characteristics of state taxpayers. The type of information provided includes a count of the number of returns effected, the distribution of returns and amount of tax change by level of income.

The state tax models are designed to perform the same type of analyses as the federal model. These models can be used to simulate state law changes or to capture the effect of federal changes on state taxes that are "coupled" to federal law. The model separately incorporates and simulates the tax law of each of the 44 states with an income tax and the same model output is available for any particular state on the effects of state tax law changes as described above for federal tax law changes. An overview of the general structure of the model is shown in Attachment 4.

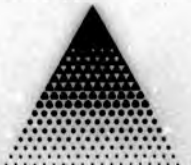
(3) Corporate Data Base

The Policy Economics Group has created a microfile of U.S. corporate income tax returns. This microfile is based upon corporate income tax return information published in the 1982 U.S. Statistics of Income Corporation Source Book by the Internal Revenue Service. This file contains approximately 130,000 records and a statistical weighting procedure has been utilized so that the file is a reliable representation of all corporations in the U.S. This file has been extrapolated to future years using the firm's proprietary software.

The data base was enhanced by making additional imputations to the file. In total, 20 variables were imputed to the file. These variables fall into four classes: employment, minimum tax, cost of property, and book income.

(4) The Corporate Model

The corporate model is logically similar to the individual model. It essentially replicates the calculation used by



corporations to determine income subject to tax. The model calculates the tax revenues for any tax proposal for all U.S. corporations. In effect, the model calculates the tax bill for each corporation and aggregates the results. Each simulation produces tax liability under one law and compares it to tax liability under a proposed tax law alternative. Attachment 5 presents an overview of the corporate tax calculator.

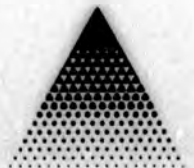
There are three basic inputs to the tax calculator: 1) the parameter file; (2) the data base; and (3) software imputations and behavioral responses. The parameter file, includes statutory tax rates and brackets for the regular and the minimum tax. The tax calculator determines three separate tax liability amounts: regular tax, alternative tax on capital gains, and the minimum tax. The model then decides which tax the company will pay.

The model also determines the allowable tax credits. For the enacted elimination of the investment tax credit, for example, the calculator accesses a file created by the Policy Economics depreciation model to determine the percent change in tentative credit for each of 55 industries. The change, if any, in the tentative credit, in conjunction with the change in tax before credits and the parameter file determines the amount of credits claimed and tax after credits.

Attachment 6 shows the list of variables for the corporate model, and attachment 7 describes the parameter file of the corporate model.

(5) User Benefits

The Policy Economics Group is the only firm in the U.S. to offer microsimulation models and our unique data bases. The capability of our modles cannot be replicated by any revenue forecasting models, econometric uses of aggregate data, or representative taxpayer analysis. All tax model capabilities currently offered by other consultants are either based on the development of sets of equations, "typical" tax profiles, or a small number of data bases to estimate receipts and tax liabilities for limited classes of taxpayers. Non-microsimulation models cannot be used to estimate the impact of sophisticated tax proposals, the effects on certain groups of taxpayers for which aggregate data do not exist, and the distributional effects of tax changes.



Only the Policy Economics tax models are based on samples of actual tax returns and feature the use of tax liability minimization protocols that are built into the model's software to enable the model to simulate individual taxpayer behavioral choices to maximize after-tax income. Further, only the Policy Economics data bases contain over 500 economic and demographic characteristics for each taxpayer return in the data base, so that the models can be used for a wide range of tax analyses and alternative tax plans.

Our models and data bases allow the user to predict with a great degree of accuracy the revenue and distributional consequences of the most sophisticated tax proposals. As the U.S. Treasury found:

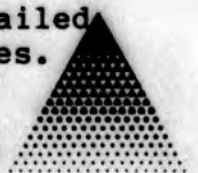
"It (was) apparent that a microanalysis which studies the fundamental interacting parameter and decision rules of the tax law as it is applied to individual taxpayers is needed. . . From a research viewpoint, simulation has been very important because it has increased the range and scope of feasible predictions. It also allows for more extensive testing of hypothesis and theories which can be embodied in the simulation. From a policy, viewpoint, simulation was essential because policymakers in the tax area usually require predictions about the combined effect of many interacting changes." (Roy A. Wisecarver, Office of the Secretary of the Treasury, Office of Tax Analysis, November 1982.)

Attachment 8 presents actual simulations of The Policy Economics individual model, and Attachment 9 presents actual simulations of our corporate model.

3. Overview of Services

The Policy Economics Group offers a range of tax modeling, tax policy, and fiscal analysis services to state government policy makers. We can provide our clients with comprehensive tax design services that entails custom modeling, policy analysis, and tax administration counsel, or we can be retained to "run" our models to review a client's own revenue projections. The services we provide include:

- Operation of our own models and data bases to review client analysis.
- Use of our models and data bases to provide detailed estimates of Federal and State Income Tax Liabilities.

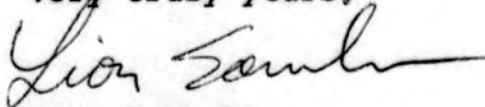


- Development of custom comprehensive tax models and data bases using our proprietary techniques and software to permit more detailed and comprehensive tax analysis and simulation.
- Construction and installation of custom models on the client's hardware to permit the client to conduct their own analyses.
- Aid in designing tax systems including tax administration procedures.
- Assistance for special projects in revenue estimation and forecasting, evaluation of government debt structures, development of fiscal strategies, and other financing and budgeting services.

* * * * *

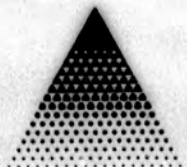
I hope you will find our services to be of potential use to the state of Alaska. If you have any questions or wish to receive additional information, please do not hesitate to call me at (202) 822-0721.

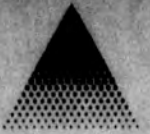
Very truly yours,



Lior Samuelson
Senior Vice President

MW-90





Attachment 1

**Selected Clients Of The
Policy Economics Group**

Government Sector Clients

Advisory Commission on Intergovernmental Relations

State of California:

Franchise Tax Board

Legislative Analyst Office

State of Kentucky

State of Maryland

State of Michigan

State of Minnesota

State of Montana

New York City

State of New Jersey

State of New York:

Department of the Budget

Department of Taxation and Finance

Commonwealth of Puerto Rico

State of Rhode Island

Small Business Administration

State of South Carolina

U.S. Department of the Treasury

State of Virginia

Major Corporations

Chrysler Corporation

Johnson & Johnson Company

NYNEX

Prudential Insurance Company of America

Joseph E. Seagram & Sons

Associations, Law Firms, and Other Clients

American Council for Capital Formation

American Horse Council

American Insurance Association

American Trucking Association, Inc.

Bear, Stearns & Company

Business Roundtable

Coalition Against Regressive Taxation

Covington and Burling

Dewey, Ballantine, Bushby, Palmer and Wood

Distilled Spirits Council of the United States, Inc.

William Hill Organization

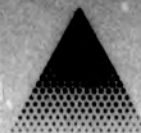
King and Spaulding

Miller and Chevalier

Morgan, Lewis & Bockius

Morrison & Foerster

National Association of Realtors



Attachment 1

**Selected Clients Of The
Policy Economics Group**

(Con't)

National Stone Association
Patton, Boggs & Blow
Peat, Marwick, & Mitchell
Regional Municipal Securities Association
Steptoe & Johnson
The Tobacco Institute



Attachment 2

**Biographical Sketches Of Selected
Policy Economics Professional Staff**

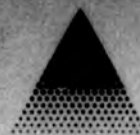
Thomas E. Vasquez, Ph.D - Dr. Vasquez, President of the Policy Economics Group is the leading authority on the construction of microsimulation tax models and data bases. He led the construction of the U.S. Treasury models and our own proprietary model. Dr. Vasquez has led modeling and simulation projects for several Federal Clients and over 15 states. Before joining The Policy Economics Group he held the position of Deputy Director of the Office of Tax Analysis in the U.S. Treasury. In that position he directed a large staff responsible for evaluating tax policy proposals initiated by the Administration and Congress, preparing the official forecast of federal government receipts, and preparing congressionally mandated tax policy studies.

Darwin Johnson, Ph.D - Dr. Johnson, a Senior Vice President of The Policy Economics Group, is a leading authority on the impact of economic and tax policies on governmental budgets and fiscal policies. He has led policy assignments for the Federal Government and several States. Prior to joining the Policy Economics Group, Dr. Johnson was Chief of the Fiscal Analysis Branch at the Office of Management and Budget.

Lior Samuelson - Mr. Samuelson is a Senior Vice President of the Policy Economics Group where he specializes in directing tax reform projects. He is currently managing a comprehensive tax reform for the Commonwealth of Puerto Rico, which includes the design of Individual and Business Income Tax Systems, Excise Taxes, and a Tax Administration system. Before joining the Policy Economics Group, Mr. Samuelson was director of Economics at Booz Allen, Hamilton, Inc., where he directed projects for Federal, State, and Commercial Clients.

Harvey Galper, Ph.D, Is a Senior Associate of The Policy Economics Group. Dr. Galper is a well known authority in the area of tax policy and modeling. He also serves as a Senior fellow at the Brookings Institution. He is a former Director of the Office of Tax Analysis in the United States Department of the Treasury and served with the Advisory Commission on Intergovernmental Relations as a Senior Public Finance Resident. Dr. Galper has published extensively on Federal and state tax policy.

Henry Aaron, Ph.D, Is a Senior Associate of the Policy Economics Group. Dr. Aaron is an expert in analyzing economic and fiscal policies and also serves as a fellow at the Brookings Institution. He has served in several capacities in government, including Assistant Secretary of Planning and Evaluation of the Department of Health, Education and Welfare and Chairman of the Advisory Council on Social Security. Dr. Aaron has published extensively on a wide variety of economic and tax issues.

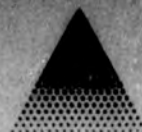


Hugh T. Connelly, Ph.D. Is a Senior Economist with the Policy Economics Group. Dr. Connelly specializes in the modeling and analysis of individual income taxes. He is a former Senior Economist with the Federal Office of Management and Budget, where he was responsible for the preparation of budgetary and economic analyses used to support Federal budget policy. Dr. Connelly has extensive experience in the development of econometric and computer models to measure the effects of economic and policy assumptions on the economy, credit activity and economic forecasts.

Sergio Madrigal, Ph.D. Is a Senior Economist with The Policy Economics Group. Dr. Madrigal is an expert systems analyst and Econometrician. Dr. Madrigal constructed the firm's Federal personal tax model in 1984 and is highly knowledgeable of the Federal tax structure and the Policy Economics tax model and data base used to analyze it. Prior to joining The Policy Economics Group, Dr. Madrigal was a Senior Economist with the U.S. Treasury and Bell Labs.

William T. Sutton, Is a Senior Economist with The Policy Economics Group where he specializes in Tax Reform Design and Policy. Mr. Sutton has worked in the areas of tax policy and tax reform, first as a staff economist at the Joint Committee on Taxation, U.S. Congress and as a Senior Economist with the U.S. Treasury Department. Mr. Sutton has worked extensively on the development of computer simulation models of Federal tax reform policy and on the design of major elements of tax reform proposals.

Helmut Wendall, Ph.D., an Associate Economist with the Policy Economics Group is an expert on Budgeting Issues. Dr. Wendall joined the Policy Economics staff after a long tenure at the Federal Reserve Board, most recently as the Deputy Associate Director in the Division of Research and Statistics and prior to that as the Chief of the Government Finance Section. Dr. Wendall has worked extensively on Federal tax and budgeting issues.



Attachment #3

The Policy Economics Group
Federal and State Tax Data Base
Selected Taxpayer Characteristics

State of Residence

Marital Status, Sex and Age

Family Size and Age of All Family Members

Employment Status

Industry of Taxpayer

Weeks Worked During the Year

Weeks in the Labor Force

Duration of Unemployment

Weekly Earnings

Income Items

Salaries and Wages

Interest

Dividends

State Income Tax Refunds

Alimony Received

Business and Profession Net Profit or Loss

Capital Gain or Loss

Pensions and Annuities

Partnership and Sole Proprietorship Income

Small Business Corporation Income

Unemployment Compensation

Rents and Royalties

Farm Income or Loss

Adjustments to Income

Payments to IRA and Keogh Plans

Alimony Paid

Employee Business Expenses

moving expenses

**Other Adjustments****Transfer Payments**

General Assistance

AFDC

Child Care

Social Security

SSI

Government Pensions

Workers' Compensation

Veterans Benefits

Private Pensions

Railroad Retirement

State Retirement

Employer Contributions

Pension and Profit Sharing Plans

Group Health and Medical Insurance

Unemployment Insurance

Workers' Compensation

Life Insurance Premiums

Other Contributions, including PUTA, SECA and FICA.

Itemized Deductions

Medical and Dental

Taxes Paid

State and Local Income Taxes

Real Estate

General Sales

Motor Vehicle

Personal Property

Other

Interest Paid

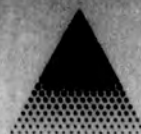
Home Mortgage Interest

Consumer Interest

Other Interest

Charitable Contributions

Miscellaneous (Casualty and Theft, Other)

**Federal Tax Liability**

Tax Liability (Before Credits)

Tax Credits

Investment Tax Credit

Child Care

Energy Credits

Other

Minimum Tax

Tax Preferences (Capital Gains, Depreciation, etc.)

Exclusions

Minimum Tax Liability

State Tax Liability (where applicable)

Tax Liability (Before Credits)

Tax Credits

Investment Tax Credit

Child Care

Energy Credits

Other

Minimum Tax

Tax Preferences (Capital Gains, Depreciation, etc.)

Exclusions

Minimum Tax Liability

Unreported and Underreported Income by Major Income Types**Earnings on Pension Funds, Annuities and Life Insurance Policies****Fringe Benefits**

Employee Discounts, Awards and Bonuses

Employee Savings Plans

Educational Assistance

Company Automobiles

Other

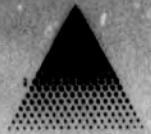
Consumption Items

Automobiles

Major Durables and Appliances

Food

Housing



Shelter

Fuel

Utilities

Household Operations

Other

Transportation

Gasoline and Oil

Maintenance and Repairs

Other

Other Consumption

Health and Medical Care

Miscellaneous

Assets and Wealth

Personal Residences

Corporate Stock

Tax-Exempt Bonds

IRA and Keough Plans

Pensions

Whole Life Insurance

Checkable Deposits and Currency

Time and Savings Deposits

Money Market Fund Shares

Taxable Bonds

Household Durables and Inventories

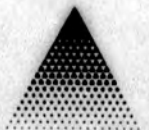
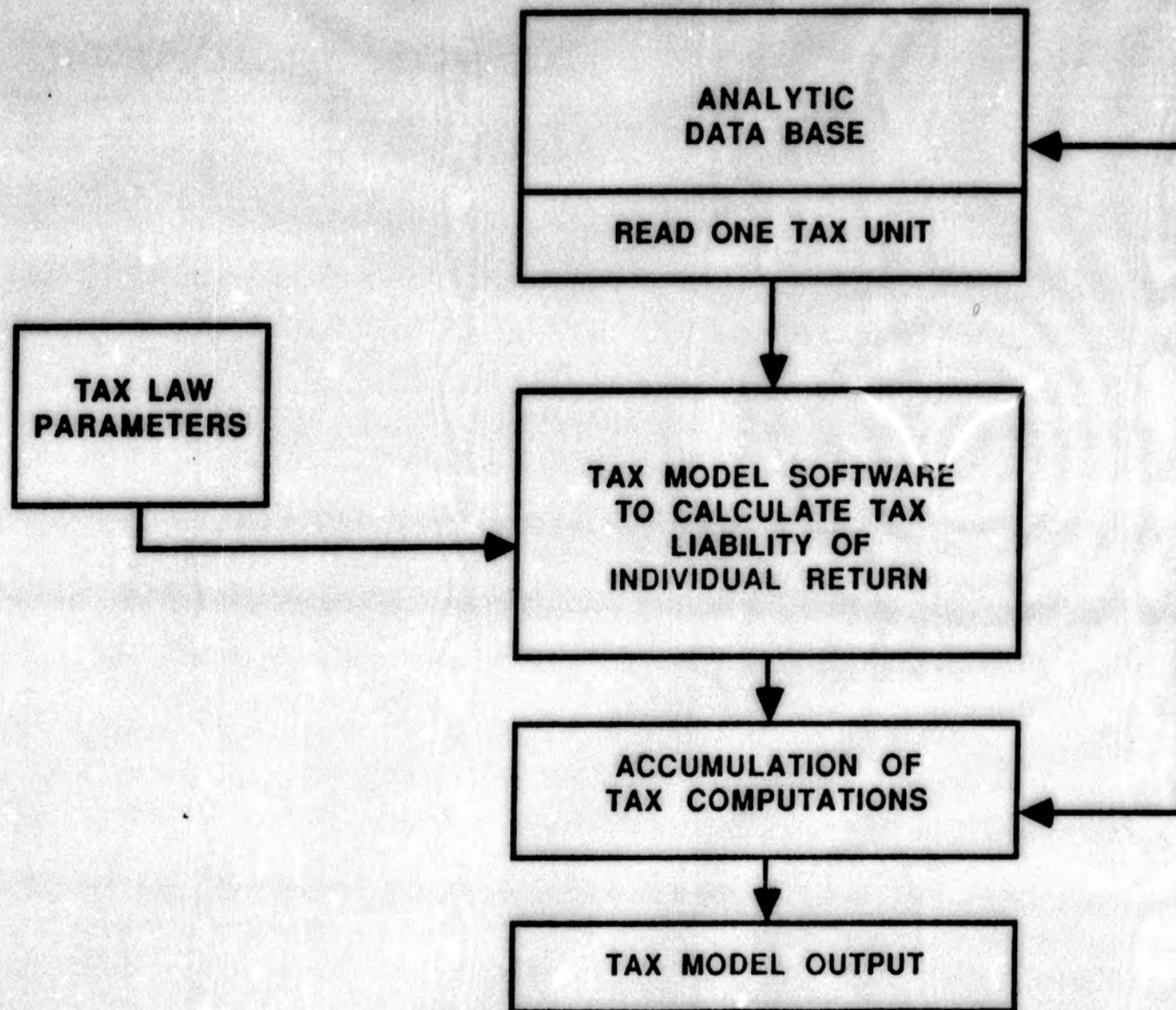
Mortgage Debt

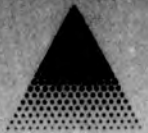
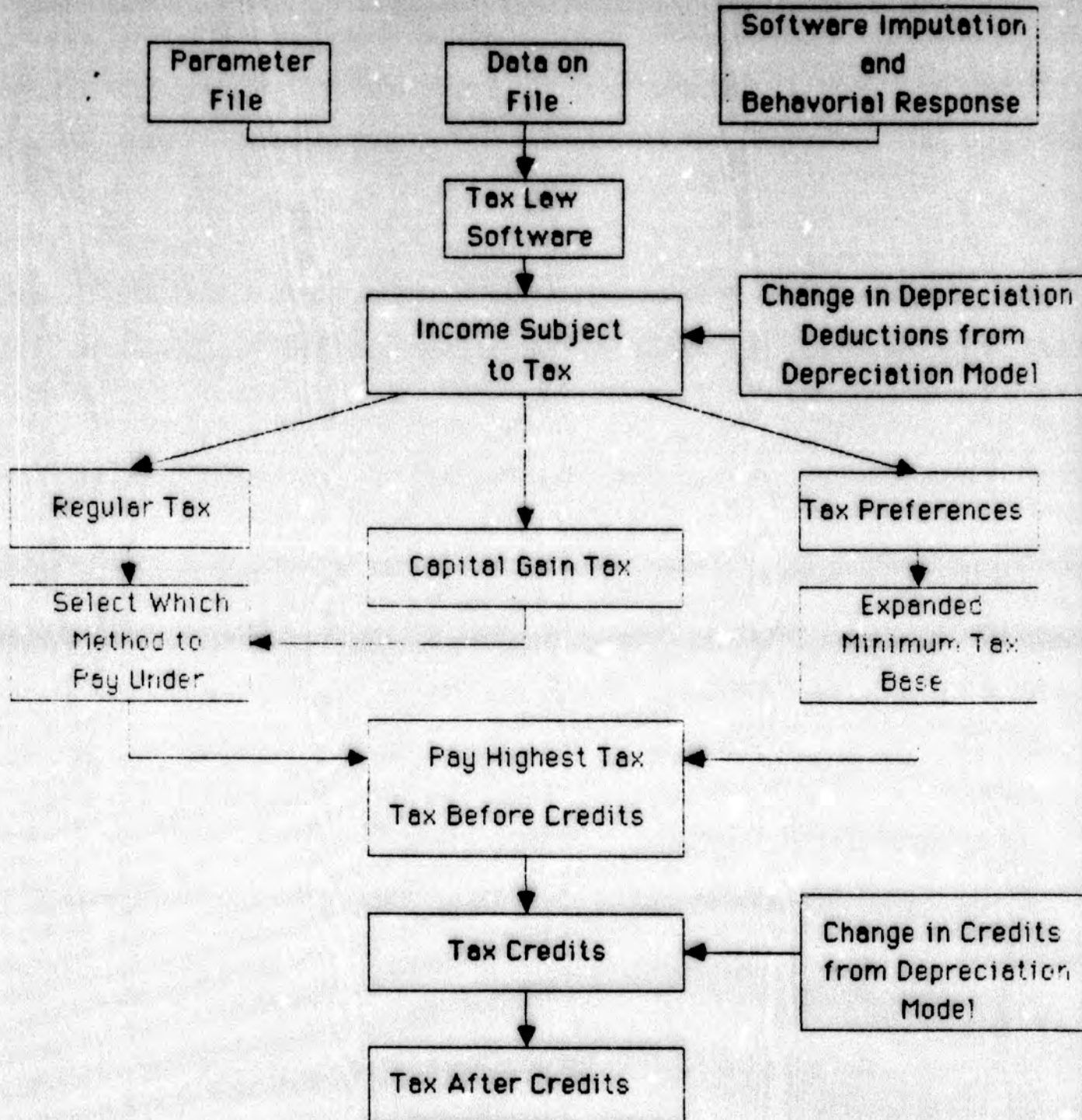
Consumer Loans

Unincorporated Business Loans

Investment Loans

THE TAX MODEL STRUCTURE



**BASIC CORPORATE TAX CALCULATOR LOGIC**



Attachment #6

VARIABLE LIST FOR CORPORATE MODEL

Assets

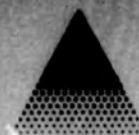
Total Assets
Cash
Notes and Acct Recv
Allow for Bad Debt
Inventories
Invest in Govt Oblig
Other Current Assets
Loans to Stock
Mortgages & Real Estate Loans
Other Investments
Depreciable Assets
Accelerated Depreciation
Depletable Assets
Accelerated Depletion
Land
Intangible Assets
Accelerated Amortization
Other Assets

Liabilities

Total Liabilities
Accts Payable
Mortg Etc. Lt 1 Yr
Other Current Liability
Loans From Stock
Mortg Etc. Gt 1 Yr
Other Liabilities
Capital Stock
Paid in or Capital Surplus
Retained Earn Unapprop (REU)
(REU) & Shldr Undist Income
Cost of Treasury Stock

Receipts

Total Receipts, Computed
Gross Receipts
Interest
Tax Exempt Interest
Gross Rent
Gross Royalties
Net St Cap Gain
Net Lt Cap Gain
Net Ordinary Gain/Loss GT Zero

**VARIABLE LIST FOR CORPORATE MODEL (Cont.)**

Divd Recvd - Domestic
Divd Recvd - Foreign
Other Receipts

Deductions

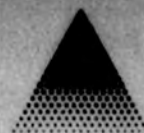
Total Deductions Computed
Cost of Goods Sold
Compens of Officers
Repairs
Bad Debts
Rents Paid
Taxes Paid
Interest Paid
Contributions
Amortization
Net Depreciation
Depletion
Advertising
Pensions/Profit Sharing
Employee Benefits
Net Ordinary Gain/Loss
Other Deductions

Credits

Foreign Tax Credit
US Poss Tax Credit
Investment Tax Credit
Win Credit
Jobs Credit
Nonconv Fuels Credit Sch J
Alcohol Fuel Credit
Research Credit
Allowable Credit

Calculations of Deductions, Income and Tax

Tot Receipts Less Tot Deducts
Constr Tx Inc For Rel Foreign
Divd Paid (Distr Other Than Stock)
Stock Distributions
Inv Credit Cost of Property
Total Qualified Investment
Total Statutory Spec1 Deducts
NOL Deduction
Divd Recvd Deduction
Public Util Div PD Deduct
Income Subj to Tax, Total



VARIABLE LIST FOR CORPORATE MODEL (Cont.)

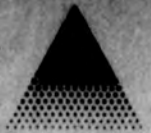
Net LT Cap Gain at Alt Rates
Income Tax After CR & Min Tax
Income Tax Before CR & Min Tax
Tax From Recomp PR YR Inv CR
Minimum Tax
Net Income Not 1120S or Disc
Net Income
Net Income GT Zero
Net Income LT Zero
Net Income For 1120S
Net Income For DISC

Codes

Weight
Industry Code
Asset Class

Imputations

Minimum Tax - Low Inc Rental Housing
Minimum Tax - Other Real Property
Minimum Tax - Personal Prop Subd To Lease
Minimum Tax - Pollution Control Fac
Minimum Tax - Resv Losses/Bad Debt Financ'l Instit
Minimum Tax - Depletion
Minimum Tax - Capital Gains
Minimum Tax - Intangible Drilling Cost
Cost of Property - 3 YR
Cost of Property - 5 YR
Cost of Property - 10 YR
Cost of Property - 15 YR
Cost of Property - Low Inc. Housing
Cost of Property - Other Struct - Accel
Cost of Property - Other Struct - SL
Cost of Property - Expensing
Book Income - (Difference)
Book Income - (Level)
Employment - (Link Study)
Employment - (Imputation)



PARAMETER FILE - CORPORATE MODEL

Plan XPlan Y

Number of Records

Tax Rate Schedule (Regular Tax)

Minimum Tax

Alternative type
RateAdd-on type
Exclusion
Base

Tax Credit Rates

Investment Tax Credit
Job Credit
Energy Credit
Rehabilitation Credit
Foreign Tax Credit
Research and Development Credit
Small Business Credit

Investment Tax Credit Limitations

Small Business Credit Limitations

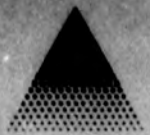
Classifier (Index 1; 2; 3)

Output (Index 1; 2; 3)

Business Transfer Tax

Rate
Base
Exclusions

Alternative Capital Gain Rate



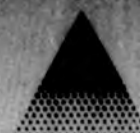
Attachment #8

**SAMPLE SIMULATIONS-INDIVIDUAL
MODEL**

Table 4

Policy Economics Group Corporate Income Tax Models
MARYLAND CORPORATE TAX LIABILITY
1987

Policy Economics Group



GRAND SUMMARY DATA

ALL FIRMS

PLAN X : PRIOR LAW

PLAN Y : TAX REFORM ACT

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINNL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	44061.4	44742.5	681.1	1.55	44061.4	44742.5	681.1	1.55
1(100	8136	5121.7	6029.8	908.2	17.73	5121.7	6029.8	908.2	17.73
100(500	5833	13421.3	13220.6	-200.6	-1.49	13421.3	13220.6	-200.6	-1.49
500(5000	6763	62355.4	65040.7	2685.4	4.31	62355.4	65040.7	2685.4	4.31
5000(25000	468	33503.2	36258.9	2755.7	8.23	33503.2	36258.9	2755.7	8.23
25000(100000	84	14892.8	17987.4	3094.6	20.78	14892.8	17987.4	3094.6	20.78
100000(*****	261	77032.1	87676.1	10644.0	13.82	77032.1	87676.1	10644.0	13.82
TOTALS	43134	250387.7	270956.0	20568.3	8.21	250387.7	270956.0	20568.3	8.21
EMPLOYMENT CLASS									
0(20	36272	59202.6	62510.3	3307.7	5.59	59202.6	62510.3	3307.7	5.59
20(100	4496	57995.5	59961.4	1965.9	3.39	57995.5	59961.4	1965.9	3.39
100(500	2001	37345.7	39427.4	2081.8	5.57	37345.7	39427.4	2081.8	5.57
500(*****	366	95843.9	109056.8	13212.9	13.79	95843.9	109056.8	13212.9	13.79
TOTALS	43134	250387.7	270956.0	20568.3	8.21	250387.7	270956.0	20568.3	8.21
INDUSTRY									
Agriculture	462	2165.0	2974.7	809.7	37.40	2165.0	2974.7	809.7	37.40
Mining	234	538.4	634.9	96.6	17.94	538.4	634.9	96.6	17.94
Construction	2592	15675.4	19064.1	3388.7	21.62	15675.4	19064.1	3388.7	21.62
Manufacturing	5865	79972.9	86606.2	6633.3	8.29	79972.9	86606.2	6633.3	8.29
Food & Kindred Products	200	6790.3	7203.8	413.5	6.09	6790.3	7203.8	413.5	6.09
Textile/Other Tex. Prods.	48	2616.5	2858.2	241.7	9.24	2616.5	2858.2	241.7	9.24
Printing & Publishing	1020	4794.6	4894.6	100.0	2.09	4794.6	4894.6	100.0	2.09
Fabricated Metal Products	513	5362.6	5905.0	542.4	10.11	5362.6	5905.0	542.4	10.11
Machinery,Exc. Electrical	580	1736.8	1918.6	181.8	10.47	1736.8	1918.6	181.8	10.47
Electrical/Electronic Eqpt	390	28757.6	30699.7	1942.1	6.75	28757.6	30699.7	1942.1	6.75
Other Manufacturing	3113	29914.6	33126.3	3211.8	10.74	29914.6	33126.3	3211.8	10.74
Transportation/Public Utils	736	7560.8	7938.8	378.0	5.00	7560.8	7938.8	378.0	5.00
Wholesale Trade	3350	34184.8	36393.6	2208.8	6.46	34184.8	36393.6	2208.8	6.46
Retail Trade	9863	46316.8	48824.7	2507.8	5.41	46316.8	48824.7	2507.8	5.41
Finance & Insurance	1011	3421.5	3344.9	-76.6	-2.24	3421.5	3344.9	-76.6	-2.24
Real Estate	3984	15875.8	18806.5	2930.7	18.46	15875.8	18806.5	2930.7	18.46
Services	14664	42538.3	44153.4	1615.0	3.80	42538.3	44153.4	1615.0	3.80
Other Industries	373	2138.0	2214.3	76.3	3.57	2138.0	2214.3	76.3	3.57
TOTALS	43134	250387.7	270956.0	20568.3	8.21	250387.7	270956.0	20568.3	8.21

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

Policy Economics Group



GRAND SUMMARY DATA

PLAN X : PRIOR LAW

PLAN Y : BUSINESS MEALS

ALL FIRMS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	44061.4	44471.0	409.7	.93	44061.4	44471.0	409.7	.93
1(100	8136	5121.7	5197.3	75.7	1.48	5121.7	5197.3	75.7	1.48
100(500	5833	13421.3	13564.7	143.5	1.07	13421.3	13564.7	143.5	1.07
500(5000	6763	62355.4	63037.3	681.9	1.09	62355.4	63037.3	681.9	1.09
5000(25000	468	33503.2	33783.0	279.8	.84	33503.2	33783.0	279.8	.84
25000(100000	84	14832.8	15024.6	131.9	.89	14832.8	15024.6	131.9	.89
100000(*****	261	77032.1	77911.5	879.5	1.14	77032.1	77911.5	879.5	1.14
TOTALS	43134	250387.7	252989.6	2601.9	1.04	250387.7	252989.6	2601.9	1.04

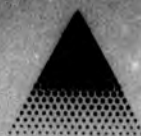
EMPLOYMENT CLASS

0(20	36272	59202.6	59634.8	432.2	.73	59202.6	59634.8	432.2	.73
20(100	4496	57995.5	58617.5	622.0	1.07	57995.5	58617.5	622.0	1.07
100(500	2001	37345.7	37723.6	377.9	1.01	37345.7	37723.6	377.9	1.01
500(*****	366	95843.9	97013.8	1169.9	1.22	95843.9	97013.8	1169.9	1.22
TOTALS	43134	250387.7	252989.6	2601.9	1.04	250387.7	252989.6	2601.9	1.04

INDUSTRY

Agriculture	462	2165.0	2175.0	10.0	.46	2165.0	2175.0	10.0	.46
Mining	234	538.4	542.3	4.0	.74	538.4	542.3	4.0	.74
Construction	2592	15675.4	15789.1	113.7	.73	15675.4	15789.1	113.7	.73
Manufacturing	5865	79972.9	80975.9	1003.0	1.25	79972.9	80975.9	1003.0	1.25
Food & Kindred Products	200	6790.3	6849.2	58.9	.87	6790.3	6849.2	58.9	.87
Apparel/Other Text. Prods.	48	2616.5	2649.0	32.5	1.24	2616.5	2649.0	32.5	1.24
Printing & Publishing	1030	4794.6	4814.1	19.5	.41	4794.6	4814.1	19.5	.41
Fabricated Metal Products	513	5362.6	5440.3	77.6	1.45	5362.6	5440.3	77.6	1.45
Machinery, Exc. Electrical	580	1736.8	1779.1	42.3	2.44	1736.8	1779.1	42.3	2.44
Electrical/Electronic Eqpt	390	28757.6	29159.2	401.5	1.40	28757.6	29159.2	401.5	1.40
Other Manufacturing	3113	29914.6	30285.1	370.6	1.24	29914.6	30285.1	370.6	1.24
Transportation/Public Utils	736	7560.8	7635.1	74.3	.98	7560.8	7635.1	74.3	.98
Wholesale Trade	3350	34184.8	34729.2	544.5	1.59	34184.8	34729.2	544.5	1.59
Retail Trade	9863	46316.8	46537.2	220.4	.48	46316.8	46537.2	220.4	.48
Finance & Insurance	1011	3421.5	3463.9	42.4	1.24	3421.5	3463.9	42.4	1.24
Real Estate	3984	15875.8	15918.7	42.9	.27	15875.8	15918.7	42.9	.27
Services	14664	42538.3	43082.8	544.5	1.28	42538.3	43082.8	544.5	1.28
Other Industries	373	2138.0	2140.3	2.2	.10	2138.0	2140.3	2.2	.10
TOTALS	43134	250387.7	252989.6	2601.9	1.04	250387.7	252989.6	2601.9	1.04

Policy Economics Group Corporate Income Tax Model Policy Economics Group
 MARYLAND CORPORATE TAX LIABILITY
 1987



GRAND SUMMARY DATA

PLAN X : BUSINESS MEALS
 PLAN Y : DEPRECIATION

ALL FIRMS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	44471.0	43297.8	-1173.2	-2.64	44471.0	43297.8	-1173.2	-2.64
1(100	8136	5197.3	4793.5	-403.9	-7.77	5197.3	4793.5	-403.9	-7.77
100(500	5833	13564.7	12506.7	-1058.1	-7.80	13564.7	12506.7	-1058.1	-7.80
500(5000	6763	63037.3	59521.9	-3515.4	-5.58	63037.3	59521.9	-3515.4	-5.58
5000(25000	468	33783.0	32601.7	-1181.3	-3.50	33783.0	32601.7	-1181.3	-3.50
25000(100000	84	15024.6	14586.1	-438.5	-2.92	15024.6	14586.1	-438.5	-2.92
100000(*****	261	77911.6	74582.1	-3329.5	-4.27	77911.6	74582.1	-3329.5	-4.27
TOTALS	43134	252989.6	241889.8	-11099.8	-4.39	252989.6	241889.8	-11099.8	-4.39

EMPLOYMENT CLASS

0(20	36272	59634.8	56622.3	-3012.5	-5.05	59634.8	56622.3	-3012.5	-5.05
20(100	4496	58617.5	55823.4	-2794.1	-4.77	58617.5	55823.4	-2794.1	-4.77
100(500	2001	37723.6	36391.6	-1332.0	-3.53	37723.6	36391.6	-1332.0	-3.53
500(*****	366	97013.8	93052.5	-3961.3	-4.08	97013.8	93052.5	-3961.3	-4.08
TOTALS	43134	252989.6	241889.8	-11099.8	-4.39	252989.6	241889.8	-11099.8	-4.39

INDUSTRY

Agriculture	462	2175.0	1865.1	-309.9	-14.25	2175.0	1865.1	-309.9	-14.25
Mining	234	542.3	536.2	-6.1	-1.12	542.3	536.2	-6.1	-1.12
Construction	2592	15789.1	14597.2	-1191.9	-7.55	15789.1	14597.2	-1191.9	-7.55
Manufacturing	5865	80975.9	78482.7	-2493.2	-3.08	80975.9	78482.7	-2493.2	-3.08
Food & Kindred Products	200	6849.2	6658.6	-190.5	-2.78	6849.2	6658.6	-190.5	-2.78
Apparel/Other Tex. Prods.	48	2649.0	2602.3	-46.7	-1.76	2649.0	2602.3	-46.7	-1.76
Printing & Publishing	1020	4814.1	4785.4	-28.6	-.59	4814.1	4785.4	-28.6	-.59
Fabricated Metal Products	513	5440.3	5326.1	-114.2	-2.10	5440.3	5326.1	-114.2	-2.10
Machinery, Exc. Electrical	580	1779.1	1699.4	-79.8	-4.48	1779.1	1699.4	-79.8	-4.48
Electrical/Electronic Eqpt	390	29159.2	27940.1	-1219.1	-4.18	29159.2	27940.1	-1219.1	-4.18
Other Manufacturing	3113	30285.1	29470.8	-814.3	-2.69	30285.1	29470.8	-814.3	-2.69
Transportation/Public Utils	736	7635.1	7508.6	-126.5	-1.66	7635.1	7508.6	-126.5	-1.66
Wholesale Trade	3350	34729.2	33027.4	-1701.8	-4.90	34729.2	33027.4	-1701.8	-4.90
Retail Trade	9863	46537.2	43938.5	-2598.8	-5.58	46537.2	43938.5	-2598.8	-5.58
Finance & Insurance	1011	3463.9	3280.2	-183.7	-5.30	3463.9	3280.2	-183.7	-5.30
Real Estate	3984	15918.7	15491.2	-427.4	-2.69	15918.7	15491.2	-427.4	-2.69
Services	14664	43082.8	41045.1	-2037.8	-4.73	43082.8	41045.1	-2037.8	-4.73
Other Industries	373	2140.3	2117.6	-22.6	-1.06	2140.3	2117.6	-22.6	-1.06
TOTALS	43134	252989.6	241889.8	-11099.8	-4.39	252989.6	241889.8	-11099.8	-4.39

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

GRAND SUMMARY DATA

ALL FIRMS

PLAN X : DEPRECIATION

PLAN Y : IDC

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	43297.8	43454.3	156.5	.36	43297.8	43454.3	156.5	.36
1(100	8136	4793.5	4947.8	154.3	3.22	4793.5	4947.8	154.3	3.22
100(500	5833	12506.7	12506.8	.1	.00	12506.7	12506.8	.1	.00
500(5000	6763	59521.9	59551.7	29.8	.05	59521.9	59551.7	29.8	.05
5000(25000	468	32601.7	32608.2	6.5	.02	32601.7	32608.2	6.5	.02
25000(100000	84	14586.1	14592.3	6.2	.04	14586.1	14592.3	6.2	.04
100000(*****	261	74582.1	74584.1	2.0	.00	74582.1	74584.1	2.0	.00
TOTALS	43134	241889.8	242245.2	355.4	.15	241889.8	242245.2	355.4	.15

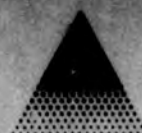
EMPLOYMENT CLASS

0(20	36272	56622.3	56912.5	290.2	.51	56622.3	56912.5	290.2	.51
20(100	4496	55823.4	55840.3	16.9	.03	55823.4	55840.3	16.9	.03
100(500	2001	36391.6	36396.7	5.1	.01	36391.6	36396.7	5.1	.01
500(*****	366	93052.5	93095.7	43.2	.05	93052.5	93095.7	43.2	.05
TOTALS	43134	241889.8	242245.2	355.4	.15	241889.8	242245.2	355.4	.15

INDUSTRY

Agriculture	462	1865.1	1865.9	.8	.04	1865.1	1865.9	.8	.04
Mining	234	536.2	598.8	62.6	11.67	536.2	598.8	62.6	11.67
Construction	2592	14597.2	14604.8	7.5	.05	14597.2	14604.8	7.5	.05
Manufacturing	5865	78482.7	78621.7	139.0	.18	78482.7	78621.7	139.0	.18
Food & Kindred Products	200	6658.6	6703.6	44.9	.67	6658.6	6703.6	44.9	.67
Apparel/Other Tex. Prods.	48	2602.3	2602.3	0.0	0.00	2602.3	2602.3	0.0	0.00
Printing & Publishing	1020	4785.4	4785.4	0.0	0.00	4785.4	4785.4	0.0	0.00
Fabricated Metal Products	513	5326.1	5326.8	.7	.01	5326.1	5326.8	.7	.01
Machinery,Exc. Electrical	580	1699.4	1699.9	.6	.03	1699.4	1699.9	.6	.03
Electrical/Electronic Eqpt	390	27940.1	27940.1	0.0	0.00	27940.1	27940.1	0.0	0.00
Other Manufacturing	3113	29470.8	29563.6	92.8	.31	29470.8	29563.6	92.8	.31
Transportation/Public Utils	736	7508.6	7508.6	0.0	0.00	7508.6	7508.6	0.0	0.00
Wholesale Trade	3350	33027.4	33028.7	1.3	.00	33027.4	33028.7	1.3	.00
Retail Trade	9863	43938.5	43939.9	1.4	.00	43938.5	43939.9	1.4	.00
Finance & Insurance	1011	3280.2	3287.0	6.8	.21	3280.2	3287.0	6.8	.21
Real Estate	3984	15491.2	15498.9	7.7	.05	15491.2	15498.9	7.7	.05
Services	14664	41045.1	41162.1	117.1	.29	41045.1	41162.1	117.1	.29
Other Industries	373	2117.6	2128.7	11.1	.52	2117.6	2128.7	11.1	.52
TOTALS	43134	241889.8	242245.2	355.4	.15	241889.8	242245.2	355.4	.15

Policy Economics Group Corporate Income Tax Model
MARYLAND CORPORATE TAX LIABILITY
 1987



GRAND SUMMARY DATA

PLAN X : IDC
 PLAN Y : PASSIVE LOSSES

ALL FIRMS

		NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
			Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
ASSET CLASS (\$ 000)										
0(	1	21590	43454.3	43322.1	-132.3	-.30	43454.3	43322.1	-132.3	-.30
1(	100	8136	4947.8	4865.3	-82.5	-1.67	4947.8	4865.3	-82.5	-1.67
100(	500	5833	12506.8	12467.4	-39.5	-.32	12506.8	12467.4	-39.5	-.32
500(	5000	6763	59551.7	59199.0	-352.7	-.59	59551.7	59199.0	-352.7	-.59
5000(	25000	468	32608.2	32345.6	-262.6	-.81	32608.2	32345.6	-262.6	-.81
25000(	100000	84	14592.3	14484.2	-108.1	-.74	14592.3	14484.2	-108.1	-.74
100000(*****		261	74584.1	73868.1	-715.9	-.96	74584.1	73868.1	-715.9	-.96
TOTALS		43134	242245.2	240551.7	-1693.5	-.70	242245.2	240551.7	-1693.5	-.70

EMPLOYMENT CLASS

0(	20	36272	56912.5	56392.3	-520.2	-.91	56912.5	56392.3	-520.2	-.91
20(	100	4496	55840.3	55598.6	-241.6	-.43	55840.3	55598.6	-241.6	-.43
100(	500	2001	36396.7	36243.9	-152.7	-.42	36396.7	36243.9	-152.7	-.42
500(*****		366	93095.7	92316.8	-778.9	-.84	93095.7	92316.8	-778.9	-.84
TOTALS		43134	242245.2	240551.7	-1693.5	-.70	242245.2	240551.7	-1693.5	-.70

INDUSTRY

Agriculture	462	1865.9	1772.0	-93.9	-5.03	1865.9	1772.0	-93.9	-5.03
Mining	234	598.8	593.9	-4.9	-.83	598.8	593.9	-4.9	-.83
Construction	2592	14604.8	14538.9	-65.9	-.45	14604.8	14538.9	-65.9	-.45
Manufacturing	5865	78621.7	78152.9	-468.8	-.60	78621.7	78152.9	-468.8	-.60
Food & Kindred Products	200	6703.6	6686.2	-17.4	-.26	6703.6	6686.2	-17.4	-.26
Apparel/Other Tex. Prods.	48	2602.3	2595.6	-6.7	-.26	2602.3	2595.6	-6.7	-.26
Printing & Publishing	1020	4785.4	4780.1	-5.4	-.11	4785.4	4780.1	-5.4	-.11
Fabricated Metal Products	513	5326.8	5312.1	-14.7	-.28	5326.8	5312.1	-14.7	-.28
Machinery,Exc. Electrical	580	1699.9	1684.7	-15.2	-.89	1699.9	1684.7	-15.2	-.89
Electrical/Electronic Eqpt	390	27940.1	27851.5	-88.6	-.32	27940.1	27851.5	-88.6	-.32
Other Manufacturing	3113	29563.6	29242.6	-321.0	-1.09	29563.6	29242.6	-321.0	-1.09
Transportation/Public Utils	736	7508.6	7471.8	-36.8	-.49	7508.6	7471.8	-36.8	-.49
Wholesale Trade	3350	33028.7	32820.9	-207.8	-.63	33028.7	32820.9	-207.8	-.63
Retail Trade	9863	43939.9	43638.4	-301.5	-.69	43939.9	43638.4	-301.5	-.69
Finance & Insurance	1011	3287.0	3285.8	-1.2	-.04	3287.0	3285.8	-1.2	-.04
Real Estate	3984	15498.9	15199.6	-299.3	-1.93	15498.9	15199.6	-299.3	-1.93
Services	14664	41162.1	40954.4	-207.7	-.50	41162.1	40954.4	-207.7	-.50
Other Industries	373	2128.7	2123.1	-5.6	-.26	2128.7	2123.1	-5.6	-.26
TOTALS	43134	242245.2	240551.7	-1693.5	-.70	242245.2	240551.7	-1693.5	-.70

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

GRAND SUMMARY DATA

PLAN X : PASSIVE LOSSES
 PLAN Y : DIV RECEIVED DED

ALL FIRMS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	43322.1	43380.0	57.9	.13	43322.1	43380.0	57.9	.13
1(100	8136	4865.3	4866.6	1.3	.03	4865.3	4866.6	1.3	.03
100(500	5833	12467.4	12474.7	7.3	.06	12467.4	12474.7	7.3	.06
500(5000	6763	59199.0	59277.1	78.1	.13	59199.0	59277.1	78.1	.13
5000(25000	468	32345.6	32400.9	55.4	.17	32345.6	32400.9	55.4	.17
25000(100000	84	14484.2	14501.1	16.9	.12	14484.2	14501.1	16.9	.12
100000(*****	261	73868.1	74001.8	133.7	.18	73868.1	74001.8	133.7	.18
TOTALS	43134	240551.7	240902.2	350.6	.15	240551.7	240902.2	350.6	.15
EMPLOYMENT CLASS									
0(20	36272	56392.3	56460.2	67.9	.12	56392.3	56460.2	67.9	.12
20(100	4496	55598.6	55656.2	57.6	.10	55598.6	55656.2	57.6	.10
100(500	2001	36243.9	36323.1	79.1	.22	36243.9	36323.1	79.1	.22
500(*****	366	92316.8	92462.8	146.0	.16	92316.8	92462.8	146.0	.16
TOTALS	43134	240551.7	240902.2	350.6	.15	240551.7	240902.2	350.6	.15
INDUSTRY									
Agriculture	462	1772.0	1773.1	1.1	.06	1772.0	1773.1	1.1	.06
Mining	234	593.9	594.3	.5	.08	593.9	594.3	.5	.08
Construction	2592	14538.9	14549.9	11.0	.08	14538.9	14549.9	11.0	.08
Manufacturing	5865	78152.9	78315.9	163.0	.21	78152.9	78315.9	163.0	.21
Food & Kindred Products	200	6686.2	6759.5	73.3	1.10	6686.2	6759.5	73.3	1.10
Apparel/Other Tex. Prods.	48	2595.6	2596.3	.7	.03	2595.6	2596.3	.7	.03
Printing & Publishing	1020	4780.1	4781.5	1.4	.03	4780.1	4781.5	1.4	.03
Fabricated Metal Products	513	5312.1	5323.5	11.4	.21	5312.1	5323.5	11.4	.21
Machinery, Exc. Electrical	580	1684.7	1685.7	.9	.06	1684.7	1685.7	.9	.06
Electrical/Electronic Eqpt	390	27851.5	27872.4	20.9	.08	27851.5	27872.4	20.9	.08
Other Manufacturing	3113	29242.6	29297.0	54.4	.19	29242.6	29297.0	54.4	.19
Transportation/Public Utils	736	7471.8	7477.6	5.8	.08	7471.8	7477.6	5.8	.08
Wholesale Trade	3350	32820.9	32840.1	19.2	.06	32820.9	32840.1	19.2	.06
Retail Trade	9863	43638.4	43661.7	23.3	.05	43638.4	43661.7	23.3	.05
Finance & Insurance	1011	3285.8	3297.1	11.3	.34	3285.8	3297.1	11.3	.34
Real Estate	3984	15199.6	15234.7	35.1	.23	15199.6	15234.7	35.1	.23
Services	14664	40954.4	40994.5	40.1	.10	40954.4	40994.5	40.1	.10
Industries	373	2123.1	2163.3	40.2	1.89	2123.1	2163.3	40.2	1.89
TOTALS	43134	240551.7	240902.2	350.6	.15	240551.7	240902.2	350.6	.15

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

Policy Economics Group



GRAND SUMMARY DATA

ALL FIRMS

PLAN X : DIV RECEIVED DED

PLAN Y : CASH ACCOUNTING

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	43380.0	43566.5	186.5	.43	43380.0	43566.5	186.5	.43
1(100	8136	4866.6	4922.6	55.9	1.15	4866.6	4922.6	55.9	1.15
100(500	5833	12474.7	12601.6	126.9	1.02	12474.7	12601.6	126.9	1.02
500(5000	6763	59277.1	59804.3	527.3	.89	59277.1	59804.3	527.3	.89
5000(25000	468	32400.9	32458.1	57.2	.18	32400.9	32458.1	57.2	.18
25000(100000	84	14501.1	14520.7	19.6	.14	14501.1	14520.7	19.6	.14
100000(*****	261	74001.8	74667.7	665.9	.90	74001.8	74667.7	665.9	.90
TOTALS	43134	240902.2	242541.5	1639.3	.68	240902.2	242541.5	1639.3	.68

EMPLOYMENT CLASS

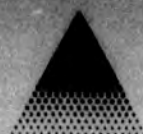
0(20	36272	56460.2	56912.1	452.0	.80	56460.2	56912.1	452.0	.80
20(100	4496	55656.2	56045.4	389.2	.70	55656.2	56045.4	389.2	.70
100(500	2001	36323.1	36433.4	110.3	.30	36323.1	36433.4	110.3	.30
500(*****	366	92462.8	93150.6	687.8	.74	92462.8	93150.6	687.8	.74
TOTALS	43134	240902.2	242541.5	1639.3	.68	240902.2	242541.5	1639.3	.68

INDUSTRY

Agriculture	462	1773.1	2536.6	763.4	43.06	1773.1	2536.6	763.4	43.06
Mining	234	594.3	594.3	0.0	0.00	594.3	594.3	0.0	0.00
Construction	2592	14549.9	14549.9	0.0	0.00	14549.9	14549.9	0.0	0.00
Manufacturing	5865	78315.9	78315.9	0.0	0.00	78315.9	78315.9	0.0	0.00
Food & Kindred Products	200	6759.5	6759.5	0.0	0.00	6759.5	6759.5	0.0	0.00
Apparel/Other Tex. Prods.	48	2596.3	2596.3	0.0	0.00	2596.3	2596.3	0.0	0.00
Printing & Publishing	1020	4781.5	4781.5	0.0	0.00	4781.5	4781.5	0.0	0.00
Fabricated Metal Products	513	5323.5	5323.5	0.0	0.00	5323.5	5323.5	0.0	0.00
Machinery,Exc. Electrical	580	1685.7	1685.7	0.0	0.00	1685.7	1685.7	0.0	0.00
Electrical/Electronic Eqpt	390	27872.4	27872.4	0.0	0.00	27872.4	27872.4	0.0	0.00
Other Manufacturing	3113	29297.0	29297.0	0.0	0.00	29297.0	29297.0	0.0	0.00
Transportation/Public Utils	736	7477.6	7477.6	0.0	0.00	7477.6	7477.6	0.0	0.00
Wholesale Trade	3350	32840.1	32840.1	0.0	0.00	32840.1	32840.1	0.0	0.00
Retail Trade	9863	43661.7	43661.7	0.0	0.00	43661.7	43661.7	0.0	0.00
Finance & Insurance	1011	3297.1	3297.1	0.0	0.00	3297.1	3297.1	0.0	0.00
Real Estate	3984	15234.7	15234.7	0.0	0.00	15234.7	15234.7	0.0	0.00
Services	14664	40994.5	41870.3	875.8	2.14	40994.5	41870.3	875.8	2.14
Other Industries	373	2163.3	2163.3	0.0	0.00	2163.3	2163.3	0.0	0.00
TOTALS	43134	240902.2	242541.5	1639.3	.68	240902.2	242541.5	1639.3	.68

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

Policy Economics Group



GRAND SUMMARY DATA

ALL FIRMS

PLAN X : CASH ACCOUNTING

PLAN Y : SIMPLIFIED LIFO

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	43566.5	43566.5	0.0	0.00	43566.5	43566.5	0.0	0.00
1(100	8136	4922.6	4902.4	-20.2	-.41	4922.6	4902.4	-20.2	-.41
100(500	5833	12601.6	12493.7	-107.8	-.86	12601.6	12493.7	-107.8	-.86
500(5000	6763	59804.3	59298.5	-505.8	-.85	59804.3	59298.5	-505.8	-.85
5000(25000	468	32458.1	32445.2	-12.9	-.04	32458.1	32445.2	-12.9	-.04
25000(100000	84	14520.7	14517.7	-3.0	-.02	14520.7	14517.7	-3.0	-.02
100000(*****	261	74667.7	74667.7	-.0	-.00	74667.7	74667.7	-.0	-.00
TOTALS	43134	242541.5	241891.8	-649.8	-.27	242541.5	241891.8	-649.8	-.27

EMPLOYMENT CLASS

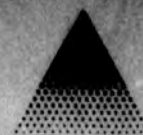
0(20	36272	56912.1	56632.9	-279.2	-.49	56912.1	56632.9	-279.2	-.49
20(100	4496	56045.4	55675.1	-370.3	-.66	56045.4	55675.1	-370.3	-.66
100(500	2001	36433.4	36433.2	-.2	-.00	36433.4	36433.2	-.2	-.00
500(*****	366	93150.6	93150.6	-.0	-.00	93150.6	93150.6	-.0	-.00
TOTALS	43134	242541.5	241891.8	-649.8	-.27	242541.5	241891.8	-649.8	-.27

INDUSTRY

Agriculture	462	2536.6	2529.1	-7.4	-.29	2536.6	2529.1	-7.4	-.29
Mining	234	594.3	593.3	-1.1	-.18	594.3	593.3	-1.1	-.18
Construction	2592	14549.9	14463.8	-86.1	-.59	14549.9	14463.8	-86.1	-.59
Manufacturing	5865	78315.9	78233.9	-82.0	-.10	78315.9	78233.9	-82.0	-.10
Food & Kindred Products	200	6759.5	6758.8	-.6	-.01	6759.5	6758.8	-.6	-.01
Apparel/Other Tex. Prods.	48	2596.3	2595.3	-1.0	-.04	2596.3	2595.3	-1.0	-.04
Printing & Publishing	1020	4781.5	4780.3	-1.2	-.03	4781.5	4780.3	-1.2	-.03
Fabricated Metal Products	513	5323.5	5310.0	-13.5	-.25	5323.5	5310.0	-13.5	-.25
Machinery, Exc. Electrical	580	1685.7	1676.7	-9.0	-.53	1685.7	1676.7	-9.0	-.53
Electrical/Electronic Eqpt	390	27872.4	27856.0	-16.4	-.06	27872.4	27856.0	-16.4	-.06
Other Manufacturing	3113	29297.0	29256.8	-40.3	-.14	29297.0	29256.8	-40.3	-.14
Transportation/Public Utils	736	7477.6	7475.5	-2.0	-.03	7477.6	7475.5	-2.0	-.03
Wholesale Trade	3350	32840.1	32725.1	-115.0	-.35	32840.1	32725.1	-115.0	-.35
Retail Trade	9863	43661.7	43406.9	-254.8	-.58	43661.7	43406.9	-254.8	-.58
Finance & Insurance	1011	3297.1	3294.5	-2.6	-.08	3297.1	3294.5	-2.6	-.08
Real Estate	3984	15234.7	15221.8	-12.9	-.08	15234.7	15221.8	-12.9	-.08
Services	14664	41870.3	41785.9	-84.4	-.20	41870.3	41785.9	-84.4	-.20
Other Industries	373	2163.3	2161.9	-1.4	-.06	2163.3	2161.9	-1.4	-.06
TOTALS	43134	242541.5	241891.8	-649.8	-.27	242541.5	241891.8	-649.8	-.27

Policy Economics Group Corporate Income Tax Model
MARYLAND CORPORATE TAX LIABILITY
1987

Policy Economics Group



GRAND SUMMARY DATA

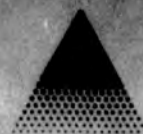
PLAN X : SIMPLIFIED LIFO
PLAN Y : INSTALLMENT SALES

ALL FIRMS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	43566.5	43593.9	27.5	.06	43566.5	43593.9	27.5	.06
1(100	8136	4902.4	4952.1	49.8	1.02	4902.4	4952.1	49.8	1.02
100(500	5833	12493.7	12582.3	88.6	.71	12493.7	12582.3	88.6	.71
500(5000	6763	59298.5	60101.9	803.3	1.35	59298.5	60101.9	803.3	1.35
5000(25000	468	32445.2	33231.1	785.9	2.42	32445.2	33231.1	785.9	2.42
25000(100000	84	14517.7	15143.4	625.7	4.31	14517.7	15143.4	625.7	4.31
100000(*****	261	74667.7	75140.8	473.0	.63	74667.7	75140.8	473.0	.63
TOTALS	43134	241891.8	244745.6	2853.8	1.18	241891.8	244745.6	2853.8	1.18
EMPLOYMENT CLASS									
0(20	36272	56632.9	58494.9	1862.0	3.29	56632.9	58494.9	1862.0	3.29
20(100	4496	55675.1	56197.1	522.0	.94	55675.1	56197.1	522.0	.94
100(500	2001	36433.2	36455.8	22.6	.06	36433.2	36455.8	22.6	.06
500(*****	366	93150.6	93597.9	447.2	.48	93150.6	93597.9	447.2	.48
TOTALS	43134	241891.8	244745.6	2853.8	1.18	241891.8	244745.6	2853.8	1.18
INDUSTRY									
Agriculture	462	2529.1	2529.1	0.0	0.00	2529.1	2529.1	0.0	0.00
Mining	234	593.3	593.3	0.0	0.00	593.3	593.3	0.0	0.00
Construction	2592	14463.8	14463.8	0.0	0.00	14463.8	14463.8	0.0	0.00
Manufacturing	5865	78233.9	78233.9	0.0	0.00	78233.9	78233.9	0.0	0.00
Food & Kindred Products	200	6758.8	6758.8	0.0	0.00	6758.8	6758.8	0.0	0.00
Apparel/Other Tex. Prods.	48	2595.3	2595.3	0.0	0.00	2595.3	2595.3	0.0	0.00
Printing & Publishing	1020	4780.3	4780.3	0.0	0.00	4780.3	4780.3	0.0	0.00
Fabricated Metal Products	513	5310.0	5310.0	0.0	0.00	5310.0	5310.0	0.0	0.00
Machinery,Exc. Electrical	580	1676.7	1676.7	0.0	0.00	1676.7	1676.7	0.0	0.00
Electrical/Electronic Eqpt	390	27856.0	27856.0	0.0	0.00	27856.0	27856.0	0.0	0.00
Other Manufacturing	3113	29256.8	29256.8	0.0	0.00	29256.8	29256.8	0.0	0.00
Transportation/Public Utils	736	7475.5	7475.5	0.0	0.00	7475.5	7475.5	0.0	0.00
Wholesale Trade	3350	32725.1	32725.1	0.0	0.00	32725.1	32725.1	0.0	0.00
Retail Trade	9863	43406.9	43854.1	447.2	1.03	43406.9	43854.1	447.2	1.03
Finance & Insurance	1011	3294.5	3294.5	0.0	0.00	3294.5	3294.5	0.0	0.00
Real Estate	3984	15221.8	17628.4	2406.6	15.81	15221.8	17628.4	2406.6	15.81
Services	14664	41785.9	41785.9	0.0	0.00	41785.9	41785.9	0.0	0.00
Other Industries	373	2161.9	2161.9	0.0	0.00	2161.9	2161.9	0.0	0.00
TOTALS	43134	241891.8	244745.6	2853.8	1.18	241891.8	244745.6	2853.8	1.18

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

Policy Economics Group



GRAND SUMMARY DATA

ALL FIRMS

PLAN X : INSTALLMENT SALES
 PLAN Y : SELF CONST ASSETS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	43593.9	44384.7	790.8	1.81	43593.9	44384.7	790.8	1.81
1(100	8136	4952.1	5939.7	987.6	19.94	4952.1	5939.7	987.6	19.94
100(500	5833	12582.3	13031.3	449.0	3.57	12582.3	13031.3	449.0	3.57
500(5000	6763	60101.9	63581.5	3479.6	5.79	60101.9	63581.5	3479.6	5.79
5000(25000	468	33231.1	35384.0	2152.8	6.48	33231.1	35384.0	2152.8	6.48
25000(100000	84	15143.4	16196.2	1052.8	6.95	15143.4	16196.2	1052.8	6.95
100000(*****	261	75140.8	81302.3	6161.6	8.20	75140.8	81302.3	6161.6	8.20
TOTALS	43134	244745.6	259819.8	15074.2	6.16	244745.6	259819.8	15074.2	6.16
EMPLOYMENT CLASS									
0(20	36272	58494.9	61996.3	3501.5	5.99	58494.9	61996.3	3501.5	5.99
20(100	4496	56197.1	58684.3	2487.3	4.43	56197.1	58684.3	2487.3	4.43
100(500	2001	36455.8	38392.9	1937.1	5.31	36455.8	38392.9	1937.1	5.31
500(*****	366	93597.9	100746.2	7148.4	7.64	93597.9	100746.2	7148.4	7.64
TOTALS	43134	244745.6	259819.8	15074.2	6.16	244745.6	259819.8	15074.2	6.16
INDUSTRY									
Agriculture	462	2529.1	2924.6	395.4	15.63	2529.1	2924.6	395.4	15.63
Mining	234	593.3	625.6	32.3	5.45	593.3	625.6	32.3	5.45
Construction	2592	14463.8	15153.4	689.6	4.77	14463.8	15153.4	689.6	4.77
Manufacturing	5865	78233.9	83195.4	4961.5	6.34	78233.9	83195.4	4961.5	6.34
Food & Kindred Products	200	6758.8	7031.5	272.7	4.03	6758.8	7031.5	272.7	4.03
Apparel/Other Tex. Prods.	48	2595.3	2755.5	160.3	6.18	2595.3	2755.5	160.3	6.18
Printing & Publishing	1020	4780.3	4825.2	44.9	.94	4780.3	4825.2	44.9	.94
Fabricated Metal Products	513	5310.0	5592.4	282.4	5.32	5310.0	5592.4	282.4	5.32
Machinery,Exc. Electrical	580	1676.7	1829.6	153.0	9.12	1676.7	1829.6	153.0	9.12
Electrical/Electronic Eqpt	390	27856.0	29288.0	1432.0	5.14	27856.0	29288.0	1432.0	5.14
Other Manufacturing	3113	29256.8	31873.1	2616.3	8.94	29256.8	31873.1	2616.3	8.94
Transportation/Public Utils	736	7475.5	7708.1	232.5	3.11	7475.5	7708.1	232.5	3.11
Wholesale Trade	3350	32725.1	35299.5	2574.5	7.87	32725.1	35299.5	2574.5	7.87
Retail Trade	9863	43854.1	47477.9	3623.8	8.26	43854.1	47477.9	3623.8	8.26
Finance & Insurance	1011	3294.5	3318.7	24.2	.74	3294.5	3318.7	24.2	.74
Real Estate	3984	17628.4	18782.3	1153.9	6.55	17628.4	18782.3	1153.9	6.55
Services	14664	41785.9	43126.3	1340.4	3.21	41785.9	43126.3	1340.4	3.21
Other Industries	373	2161.9	2208.0	46.1	2.13	2161.9	2208.0	46.1	2.13
TOTALS	43134	244745.6	259819.8	15074.2	6.16	244745.6	259819.8	15074.2	6.16

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

GRAND SUMMARY DATA

ALL FIRMS

PLAN X : SELF CONST ASSETS
 PLAN Y : LONG TERM CONTRACT

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	44384.7	44384.7	0.0	0.00	44384.7	44384.7	0.0	0.00
1(100	8136	5939.7	5939.7	0.0	0.00	5939.7	5939.7	0.0	0.00
100(500	5833	13031.3	13031.3	0.0	0.00	13031.3	13031.3	0.0	0.00
500(5000	6763	63581.5	63581.5	0.0	0.00	63581.5	63581.5	0.0	0.00
5000(25000	468	35384.0	35384.0	0.0	0.00	35384.0	35384.0	0.0	0.00
25000(100000	84	16196.2	17580.8	1384.6	8.55	16196.2	17580.8	1384.6	8.55
100000(*****	261	81302.3	83511.1	2208.8	2.72	81302.3	83511.1	2208.8	2.72
TOTALS	43134	259819.8	263413.2	3593.4	1.38	259819.8	263413.2	3593.4	1.38

EMPLOYMENT CLASS

0(20	36272	61996.3	61996.3	0.0	0.00	61996.3	61996.3	0.0	0.00
20(100	4496	58684.3	58684.3	0.0	0.00	58684.3	58684.3	0.0	0.00
100(500	2001	38392.9	38392.9	0.0	0.00	38392.9	38392.9	0.0	0.00
500(*****	366	100746.2	104339.6	3593.4	3.57	100746.2	104339.6	3593.4	3.57
TOTALS	43134	259819.8	263413.2	3593.4	1.38	259819.8	263413.2	3593.4	1.38

INDUSTRY

Agriculture	462	2924.6	2924.6	0.0	0.00	2924.6	2924.6	0.0	0.00
Mining	234	625.6	625.6	0.0	0.00	625.6	625.6	0.0	0.00
Construction	2592	15153.4	18746.8	3593.4	23.71	15153.4	18746.8	3593.4	23.71
Manufacturing	5865	83195.4	83195.4	0.0	0.00	83195.4	83195.4	0.0	0.00
Food & Kindred Products	200	7031.5	7031.5	0.0	0.00	7031.5	7031.5	0.0	0.00
Apparel/Other Tex. Prods.	48	2755.5	2755.5	0.0	0.00	2755.5	2755.5	0.0	0.00
Printing & Publishing	1020	4825.2	4825.2	0.0	0.00	4825.2	4825.2	0.0	0.00
Fabricated Metal Products	513	5592.4	5592.4	0.0	0.00	5592.4	5592.4	0.0	0.00
Machinery, Exc. Electrical	580	1829.6	1829.6	0.0	0.00	1829.6	1829.6	0.0	0.00
Electrical/Electronic Eqpt	390	29288.0	29288.0	0.0	0.00	29288.0	29288.0	0.0	0.00
Other Manufacturing	3113	31873.1	31873.1	0.0	0.00	31873.1	31873.1	0.0	0.00
Transportation/Public Utils	736	7708.1	7708.1	0.0	0.00	7708.1	7708.1	0.0	0.00
Wholesale Trade	3350	35299.5	35299.5	0.0	0.00	35299.5	35299.5	0.0	0.00
Retail Trade	9863	47477.9	47477.9	0.0	0.00	47477.9	47477.9	0.0	0.00
Finance & Insurance	1011	3318.7	3318.7	0.0	0.00	3318.7	3318.7	0.0	0.00
Real Estate	3984	18782.3	18782.3	0.0	0.00	18782.3	18782.3	0.0	0.00
Services	14664	43126.3	43126.3	0.0	0.00	43126.3	43126.3	0.0	0.00
Other Industries	373	2208.0	2208.0	0.0	0.00	2208.0	2208.0	0.0	0.00
TOTALS	43134	259819.8	263413.2	3593.4	1.38	259819.8	263413.2	3593.4	1.38



Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

GRAND SUMMARY DATA

PLAN X : LONG TERM CONTRACT
 PLAN Y : BAD DEBTS

ALL FIRMS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	44384.7	44384.7	0.0	0.00	44384.7	44384.7	0.0	0.00
1(100	8136	5939.7	5954.8	15.0	.25	5939.7	5954.8	15.0	.25
100(500	5833	13031.3	13087.5	56.2	.43	13031.3	13087.5	56.2	.43
500(5000	6763	63581.5	64328.9	747.5	1.18	63581.5	64328.9	747.5	1.18
5000(25000	468	35384.0	35911.9	527.9	1.49	35384.0	35911.9	527.9	1.49
25000(100000	84	17580.8	17815.2	234.4	1.33	17580.8	17815.2	234.4	1.33
100000(*****	261	83511.1	85257.8	1746.7	2.09	83511.1	85257.8	1746.7	2.09
TOTALS	43134	263413.2	266740.9	3327.7	1.26	263413.2	266740.9	3327.7	1.26

EMPLOYMENT CLASS

0(20	36272	61396.3	62129.1	132.8	.21	61396.3	62129.1	132.8	.21
20(100	4496	58684.3	59241.0	556.7	.95	58684.3	59241.0	556.7	.95
100(500	2001	38392.9	38982.5	589.6	1.54	38392.9	38982.5	589.6	1.54
500(*****	366	104339.6	106388.3	2048.6	1.96	104339.6	106388.3	2048.6	1.96
TOTALS	43134	263413.2	266740.9	3327.7	1.26	263413.2	266740.9	3327.7	1.26

INDUSTRY

Agriculture	462	2924.6	2947.9	23.4	.80	2924.6	2947.9	23.4	.80
Mining	234	625.6	629.6	4.0	.64	625.6	629.6	4.0	.64
Construction	2592	18746.8	18892.5	145.7	.78	18746.8	18892.5	145.7	.78
Manufacturing	5865	83195.4	84802.8	1607.4	1.93	83195.4	84802.8	1607.4	1.93
Food & Kindred Products	200	7031.5	7065.9	34.3	.49	7031.5	7065.9	34.3	.49
Apparel/Other Tex. Prods.	48	2755.5	2807.2	51.6	1.87	2755.5	2807.2	51.6	1.87
Printing & Publishing	1020	4825.2	4869.6	44.4	.92	4825.2	4869.6	44.4	.92
Fabricated Metal Products	513	5592.4	5747.5	155.1	2.77	5592.4	5747.5	155.1	2.77
Machinery,Exc. Electrical	580	1829.6	1864.8	35.1	1.92	1829.6	1864.8	35.1	1.92
Electrical/Electronic Eqpt	390	29288.0	29952.0	664.0	2.27	29288.0	29952.0	664.0	2.27
Other Manufacturing	3113	31873.1	32495.9	622.8	1.95	31873.1	32495.9	622.8	1.95
Transportation/Public Utils	736	7708.1	7773.1	65.0	.84	7708.1	7773.1	65.0	.84
Wholesale Trade	3350	35299.5	36003.6	704.1	1.99	35299.5	36003.6	704.1	1.99
Retail Trade	9863	47477.9	47865.6	387.8	.82	47477.9	47865.6	387.8	.82
Finance & Insurance	1011	3318.7	3318.7	0.0	0.00	3318.7	3318.7	0.0	0.00
Real Estate	3984	18782.3	18782.3	0.0	0.00	18782.3	18782.3	0.0	0.00
Services	14664	43126.3	43516.5	390.1	.90	43126.3	43516.5	390.1	.90
Other Industries	373	2208.0	2208.3	.3	.01	2208.0	2208.3	.3	.01
TOTALS	43134	263413.2	266740.9	3327.7	1.26	263413.2	266740.9	3327.7	1.26

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

Policy Economics Group



GRAND SUMMARY DATA

PLAN X : ESOP
 PLAN Y : FOREIGN PROVISION

ALL FIRMS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	44682.4	44742.5	60.1	.13	44682.4	44742.5	60.1	.13
1(100	8136	6024.3	6029.8	5.5	.09	6024.3	6029.8	5.5	.09
100(500	5833	13209.5	13220.6	11.2	.08	13209.5	13220.6	11.2	.08
500(5000	6763	64976.9	65040.7	63.9	.10	64976.9	65040.7	63.9	.10
5000(25000	468	36220.1	36258.9	38.8	.11	36220.1	36258.9	38.8	.11
25000(100000	84	17965.8	17987.4	21.5	.12	17965.8	17987.4	21.5	.12
100000(*****	261	86993.3	87676.1	682.8	.78	86993.3	87676.1	682.8	.78
TOTALS	43134	270072.2	270956.0	883.8	.33	270072.2	270956.0	883.8	.33

EMPLOYMENT CLASS

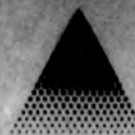
0(20	36272	62475.9	62510.3	34.5	.06	62475.9	62510.3	34.5	.06
20(100	4496	59891.4	59961.4	70.0	.12	59891.4	59961.4	70.0	.12
100(500	2001	39377.9	39427.4	49.6	.13	39377.9	39427.4	49.6	.13
500(*****	366	108327.1	109056.8	729.7	.67	108327.1	109056.8	729.7	.67
TOTALS	43134	270072.2	270956.0	883.8	.33	270072.2	270956.0	883.8	.33

INDUSTRY

Agriculture	462	2971.4	2974.7	3.3	.11	2971.4	2974.7	3.3	.11
Mining	234	634.4	634.9	.5	.08	634.4	634.9	.5	.08
Construction	2592	19035.2	19064.1	28.9	.15	19035.2	19064.1	28.9	.15
Manufacturing	5865	86031.2	86606.2	575.0	.67	86031.2	86606.2	575.0	.67
Food & Kindred Products	200	7182.8	7203.8	20.9	.29	7182.8	7203.8	20.9	.29
Apparel/Other Tex. Prods.	48	2840.5	2858.2	17.7	.62	2840.5	2858.2	17.7	.62
Printing & Publishing	1020	4892.1	4894.6	2.4	.05	4892.1	4894.6	2.4	.05
Fabricated Metal Products	513	5851.0	5905.0	54.0	.92	5851.0	5905.0	54.0	.92
Machinery,Exc. Electrical	580	1902.2	1918.6	16.4	.86	1902.2	1918.6	16.4	.86
Electrical/Electronic Eqpt	390	30477.8	30699.7	221.9	.73	30477.8	30699.7	221.9	.73
Other Manufacturing	3113	32884.6	33126.3	241.7	.73	32884.6	33126.3	241.7	.73
Transportation/Public Utils	736	7927.9	7938.8	11.0	.14	7927.9	7938.8	11.0	.14
Wholesale Trade	3350	36287.0	36393.6	106.6	.29	36287.0	36393.6	106.6	.29
Retail Trade	9863	48728.1	48824.7	96.6	.20	48728.1	48824.7	96.6	.20
Finance & Insurance	1011	3343.7	3344.9	1.2	.03	3343.7	3344.9	1.2	.03
Real Estate	3984	18804.3	18806.5	2.2	.01	18804.3	18806.5	2.2	.01
Services	14664	44096.9	44153.4	56.5	.13	44096.9	44153.4	56.5	.13
Other Industries	373	2212.3	2214.3	2.0	.09	2212.3	2214.3	2.0	.09
TOTALS	43134	270072.2	270956.0	883.8	.33	270072.2	270956.0	883.8	.33

Policy Economics Group Corporate Income Tax Model
 MARYLAND CORPORATE TAX LIABILITY
 1987

Policy Economics Group

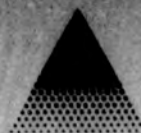


GRAND SUMMARY DATA

PLAN X : BAD DEBTS
 PLAN Y : ESOP

ALL FIRMS

ASSET CLASS (\$ 000)	NUMBER OF FIRMS	REGULAR AND ALTERNATIVE TAX				FINAL TAX LIABILITY			
		Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change	Plan X (\$ 000)	Plan Y (\$ 000)	Change (\$ 000)	Percent Change
0(1	21590	44384.7	44682.4	297.7	.67	44384.7	44682.4	297.7	.67
1(100	8136	5954.8	6024.3	69.5	1.17	5954.8	6024.3	69.5	1.17
100(500	5833	13087.5	13209.5	121.9	.93	13087.5	13209.5	121.9	.93
500(5000	6763	64328.9	64976.9	647.9	1.01	64328.9	64976.9	647.9	1.01
5000(25000	468	35911.9	36220.1	308.2	.86	35911.9	36220.1	308.2	.86
25000(100000	84	17815.2	17965.8	150.7	.85	17815.2	17965.8	150.7	.85
100000(*****	261	85257.8	86993.3	1735.4	2.04	85257.8	86993.3	1735.4	2.04
TOTALS	43134	266740.9	270072.2	3331.3	1.25	266740.9	270072.2	3331.3	1.25
EMPLOYMENT CLASS									
0(20	36272	62129.1	62475.9	346.7	.56	62129.1	62475.9	346.7	.56
20(100	4436	59241.0	59891.4	650.4	1.10	59241.0	59891.4	650.4	1.10
100(500	2001	38982.5	39377.9	395.4	1.01	38982.5	39377.9	395.4	1.01
500(*****	366	106388.3	108327.1	1938.9	1.82	106388.3	108327.1	1938.9	1.82
TOTALS	43134	266740.9	270072.2	3331.3	1.25	266740.9	270072.2	3331.3	1.25
INDUSTRY									
Agriculture	462	2947.9	2971.4	23.4	.80	2947.9	2971.4	23.4	.80
Mining	234	629.6	634.4	4.8	.76	629.6	634.4	4.8	.76
Construction	2592	18892.5	19035.2	142.7	.76	18892.5	19035.2	142.7	.76
Manufacturing	5865	84802.8	86031.2	1228.4	1.45	84802.8	86031.2	1228.4	1.45
Food & Kindred Products	200	7065.9	7182.8	117.0	1.66	7065.9	7182.8	117.0	1.66
Apparel/Other Tex. Prods.	48	2807.2	2840.5	33.4	1.19	2807.2	2840.5	33.4	1.19
Printing & Publishing	1020	4869.6	4892.1	22.5	.46	4869.6	4892.1	22.5	.46
Fabricated Metal Products	513	5747.5	5851.0	103.5	1.80	5747.5	5851.0	103.5	1.80
Machinery,Exc. Electrical	580	1864.8	1902.2	37.5	2.01	1864.8	1902.2	37.5	2.01
Electrical/Electronic Eqpt	390	29952.0	30477.8	525.8	1.76	29952.0	30477.8	525.8	1.76
Other Manufacturing	3113	32495.9	32884.6	388.8	1.20	32495.9	32884.6	388.8	1.20
Transportation/Public Utils	736	7773.1	7927.9	154.8	1.99	7773.1	7927.9	154.8	1.99
Wholesale Trade	3350	36003.6	36287.0	283.4	.79	36003.6	36287.0	283.4	.79
Retail Trade	9863	47865.6	48728.1	862.4	1.80	47865.6	48728.1	862.4	1.80
Finance & Insurance	1011	3318.7	3343.7	25.0	.75	3318.7	3343.7	25.0	.75
Real Estate	3984	18782.3	18804.3	22.0	.12	18782.3	18804.3	22.0	.12
Services	14664	43516.5	44096.9	580.4	1.33	43516.5	44096.9	580.4	1.33
Other Industries	373	2208.3	2212.3	4.0	.18	2208.3	2212.3	4.0	.18
TOTALS	43134	266740.9	270072.2	3331.3	1.25	266740.9	270072.2	3331.3	1.25



Attachment #9

**SAMPLE SIMULATIONS-CORPORATE
MODEL**



STATE TAX LIABILITY FOR: KENTUCKY

Plan X: CURRENT LAW

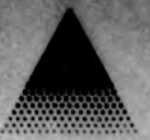
Income Classifier: FEDERAL PLAN X AGI

Plan Y: CURRENT KENTUCKY LAW, FEDERAL TAX
DEDUCTION UNDER NEW FEDERAL LAWData for: FEDERAL FILERS ONLY
1987 Levels of Income

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** (5000	684	230.7	112.4	112.4	154.5	138.7	-15.8	384.6	381.0	-3.6
5000 (10000	540	245.9	236.6	236.6	1710.4	1720.9	10.5	1436.8	1447.3	10.5
10000 (15000	386	216.8	213.7	214.0	2469.3	2515.4	46.2	2148.9	2194.9	46.0
15000 (20000	337	161.7	161.5	161.5	2543.7	2572.1	28.4	2040.4	2068.7	28.3
20000 (30000	472	235.3	236.3	236.3	5280.1	5330.4	50.3	4341.3	4391.6	50.3
30000 (50000	568	261.6	261.6	261.5	8527.6	8654.2	126.6	7081.7	7228.5	146.8
50000 (100000	358	69.2	69.2	69.1	3546.8	3604.3	57.6	3001.5	3060.3	58.7
100000 (200000	248	9.1	9.0	9.0	924.5	942.6	18.2	758.7	778.7	19.9
200000 (*****	260	1.7	1.6	1.6	395.2	431.5	36.3	308.1	342.9	34.7
TOTALS	3853	1433.0	1301.9	1302.0	25532.1	25910.3	378.2	21502.2	21893.8	391.7

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		FED TAX DEDUCTION	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** (5000	2.1	2.0	138.8	139.3	7.6	7.6	.0	.0	5.5	21.2
5000 (10000	23.8	23.8	274.4	274.4	10.2	10.2	.0	.0	43.1	32.5
10000 (15000	30.5	30.5	325.1	325.1	11.4	11.4	.0	.0	169.0	122.8
15000 (20000	69.1	69.1	504.3	504.3	9.3	9.3	.0	.0	210.5	162.1
20000 (30000	151.8	151.8	939.4	939.4	14.2	14.2	.0	.0	562.3	512.0
30000 (50000	225.1	225.1	1426.9	1426.3	17.0	17.0	.0	.0	1131.9	985.4
50000 (100000	61.8	61.8	545.2	544.0	5.0	5.0	.0	.0	645.3	587.7
100000 (200000	8.8	8.8	165.7	164.0	.7	.7	.0	.0	293.4	275.2
200000 (*****	1.5	1.5	87.1	88.7	.1	.1	.0	.0	213.8	177.5
TOTALS	574.5	574.4	4406.9	4404.5	75.5	75.5	.0	.0	3274.7	2895.5

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** (5000	3.8	3.7	-.1	-3.3	-3.3	.0	.5	.4	-.1
5000 (10000	32.7	33.2	.6	-.3	-.3	.0	32.3	32.9	.6
10000 (15000	70.4	72.8	2.4	-.1	-.1	.0	70.3	72.7	2.4
15000 (20000	77.2	78.9	1.7	-.0	-.0	.0	77.2	78.9	1.7
20000 (30000	191.1	194.2	3.1	-.0	-.0	.0	191.1	194.2	3.1
30000 (50000	338.9	347.4	8.6	-.0	-.0	-.0	338.9	347.4	8.6
50000 (100000	154.3	157.7	3.5	-.0	-.0	-.0	154.2	157.7	3.5
100000 (200000	42.0	43.2	1.2	-.0	-.0	-.0	42.0	43.2	1.2
200000 (*****	17.9	20.0	2.1	-.0	-.0	.0	17.9	20.0	2.1
TOTALS	928.3	951.2	22.9	-3.8	-3.8	-.0	924.4	947.4	22.9



DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR KENTUCKY

Plan X: CURRENT LAW

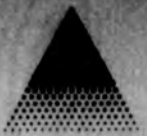
Income Classifier: FEDERAL PLAN X A61

Plan Y: CURRENT LAW

Data for: ALL RETURNS

1987 Levels of Income

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** (5000	0.	.200	0.	.200	324.	-.836	37.	.222	68.	.000
5000 (10000	0.	.200	2.	.222	9375.	-.258	2513.	.255	0.	.222
10000 (15000	0.	.200	266.	.103	6732.	-.020	19546.	.322	0.	.222
15000 (20000	0.	.200	0.	.200	13595.	-.253	52343.	.430	0.	.222
20000 (30000	0.	.200	0.	.222	43652.	-.563	102182.	1.614	0.	.222
30000 (50000	48.	-.211	2.	.200	25732.	-.525	199295.	7.255	2.	.222
50000 (100000	21.	-.223	0.	.222	18327.	-.447	49152.	3.325	2.	.222
100000 (200000	25.	-.216	0.	.222	1317.	-.373	7522.	1.554	2.	.222
200000 (*****	2.	-.221	12.	.247	202.	-.147	1222.	1.446	0.	.222
ITEMIZE, Total.	96.	-.257	279.	.150	119467.	-2.299	442218.	15.991	88.	.222
***** (5000	536.	-.221	0.	.222	55222.	-.164	52942.	.121	5.	.222
5000 (10000	0.	.200	0.	.222	68421.	-.623	138422.	1.153	0.	.222
10000 (15000	0.	.200	0.	.200	25463.	-.261	155527.	2.346	0.	.222
15000 (20000	0.	.200	0.	.200	12757.	-.086	81903.	1.312	0.	.222
20000 (30000	0.	.200	0.	.222	2690.	-.254	61241.	2.179	0.	.222
30000 (50000	0.	.200	0.	.200	1183.	-.209	35293.	2.203	0.	.222
50000 (100000	0.	.200	0.	.200	1452.	-.270	5920.	.669	0.	.222
100000 (200000	0.	.200	0.	.200	247.	-.217	62.	.024	0.	.222
200000 (*****	0.	.200	0.	.200	0.	.000	196.	.783	0.	.222
NON-ITEMIZE, Total.	536.	-.221	0.	.222	165221.	-1.314	553810.	10.559	5.	.222
***** (5000	536.	-.221	0.	.222	55325.	-.222	52879.	.121	93.	.222
5000 (10000	0.	.222	2.	.222	77782.	-.669	147335.	1.238	0.	.222
10000 (15000	0.	.222	266.	.103	32189.	-.320	179476.	2.728	0.	.222
15000 (20000	0.	.222	0.	.200	24347.	-.139	134257.	1.792	0.	.222
20000 (30000	0.	.200	0.	.200	52339.	-.736	183421.	3.793	0.	.222
30000 (50000	48.	-.211	0.	.200	25954.	-.514	234569.	9.297	0.	.222
50000 (100000	21.	-.223	0.	.200	14079.	-.517	55272.	3.994	0.	.222
100000 (200000	25.	-.216	0.	.200	1464.	-.390	7582.	1.573	0.	.222
200000 (*****	2.	-.221	12.	.247	202.	-.147	1416.	2.229	0.	.222
ALL RETURNS, Total	632.	-.258	279.	.150	284688.	-3.613	994028.	26.550	93.	.222



DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR KENTUCKY

Plan X: CONFERENCE BILL
PROVISIONS 01 - 7

Income Classifier: FEDERAL PLAN X AGI

Plan Y: CONFERENCE PROVISION 08
LIMIT NON-BUS INTEREST DEDUCTIONS

Data for: ALL RETURNS
1987 Levels of Income

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** (5000	0.	.000	7.	.016	0.	.000	205.	.036	0.	.000
5000 (10000	0.	.000	0.	.000	0.	.000	2116.	.026	0.	.000
10000 (15000	0.	.000	0.	.000	0.	.000	11543.	.194	0.	.000
15000 (20000	0.	.000	34.	.003	0.	.000	54975.	.653	0.	.000
20000 (30000	0.	.000	0.	.000	0.	.000	116397.	1.972	0.	.000
30000 (50000	0.	.000	0.	.000	0.	.000	193337.	4.066	0.	.000
50000 (100000	0.	.000	0.	.000	0.	.000	54112.	1.701	0.	.000
100000 (200000	0.	.000	3.	.001	0.	.000	6633.	.501	0.	.000
200000 (*****	0.	.000	1.	.001	0.	.000	1033.	.177	0.	.000
ITEMIZE, Total	0.	.000	44.	.020	0.	.000	440350.	9.326	0.	.000
**** (5000	2.	.000	2.	.000	2.	.000	0.	.000	0.	.000
5000 (10000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
10000 (15000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
15000 (20000	2.	.000	0.	.000	0.	.000	0.	.000	0.	.000
20000 (30000	2.	.000	0.	.000	0.	.000	0.	.000	0.	.000
30000 (50000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
50000 (100000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
100000 (200000	0.	.000	0.	.000	36.	-.000	0.	.000	0.	.000
200000 (*****	0.	.000	0.	.000	2.	.000	0.	.000	0.	.000
NO ITEMIZE, Total	0.	.000	0.	.000	38.	-.000	0.	.000	0.	.000
***** (5000	0.	.000	7.	.016	0.	.000	205.	.036	0.	.000
5000 (10000	0.	.000	0.	.000	0.	.000	2116.	.026	0.	.000
10000 (15000	0.	.000	0.	.000	0.	.000	11543.	.194	0.	.000
15000 (20000	0.	.000	34.	.003	0.	.000	54975.	.653	0.	.000
20000 (30000	0.	.000	0.	.000	0.	.000	116397.	1.972	0.	.000
30000 (50000	0.	.000	0.	.000	0.	.000	193337.	4.066	0.	.000
50000 (100000	0.	.000	0.	.000	0.	.000	54112.	1.701	0.	.000
100000 (200000	0.	.000	3.	.001	38.	-.000	6633.	.501	0.	.000
200000 (*****	0.	.000	1.	.001	0.	.000	1033.	.177	0.	.000
ALL RETURNS, Total	0.	.000	44.	.020	36.	-.000	440350.	9.326	0.	.000



STATE TAX LIABILITY FOR: KENTUCKY

Plan X: CONFERENCE BILL
PROVISIONS 01 - 7

Income Classifier: FEDERAL PLAN X AGI

Plan Y: CONFERENCE PROVISION 00
LIMIT NON-BUS INTEREST DEDUCTIONS

Data for: FEDERAL FILERS ONLY
1967 Levels of Income

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** (5000	664	232.7	118.9	118.9	295.5	295.1	-.4	435.0	435.6	.6
5000 (10000	540	245.9	237.2	237.2	1782.6	1782.4	-.2	1520.4	1521.5	1.1
10000 (15000	386	215.8	214.1	214.1	2573.9	2573.7	-.2	2245.1	2249.2	4.1
15000 (20000	337	161.7	161.5	161.5	2616.3	2615.3	-1.0	2105.5	2117.4	11.9
20000 (30000	472	236.3	236.3	236.3	5521.9	5520.1	-1.7	4458.5	4456.8	-1.7
30000 (50000	568	261.6	261.6	261.6	8840.1	8833.6	-6.5	7395.6	7467.0	71.4
50000 (100000	358	69.2	69.2	69.2	3729.0	3726.8	-2.2	3170.3	3202.7	32.5
100000 (200000	248	9.1	9.1	9.1	926.6	925.7	-.9	822.8	821.6	-1.2
200000 (*****	262	1.7	1.6	1.6	448.7	448.3	-.4	359.1	362.1	3.0
TOTALS	3853	1433.8	1329.3	1329.4	26752.4	26739.4	-13.1	22463.4	22551.9	178.5

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		FED TAX DEDUCTION	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** (5000	3.1	3.1	158.7	157.8	7.6	7.6	.0	.0	44.8	44.8
5000 (10000	25.2	25.2	283.0	281.9	12.2	12.2	.0	.0	32.5	32.5
10000 (15000	32.5	32.5	332.5	328.2	11.4	11.4	.0	.0	122.0	122.0
15000 (20000	71.5	71.5	512.5	499.7	9.3	9.3	.0	.0	182.1	182.1
20000 (30000	155.3	155.3	1044.4	1034.4	14.2	14.2	.0	.0	511.5	511.5
30000 (50000	226.1	226.1	1454.0	1367.3	17.0	17.0	.0	.0	993.3	983.3
50000 (100000	62.4	62.4	538.7	506.1	5.0	5.0	.0	.0	586.4	586.4
100000 (200000	8.8	8.8	163.8	154.1	.7	.7	.0	.0	275.0	275.0
200000 (*****	1.5	1.5	66.6	66.2	.1	.1	.0	.0	177.4	177.4
TOTALS	586.4	586.4	4577.2	4385.8	75.5	75.5	.0	.0	2915.9	2915.9

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** (5000	5.2	5.3	.0	-3.0	-3.0	.0	2.2	2.3	.0
5000 (10000	35.6	35.6	.0	-.3	-.3	.0	35.3	35.3	.0
10000 (15000	75.5	75.7	.2	-.1	-.1	.0	75.4	75.6	.2
15000 (20000	80.8	81.4	.7	-.0	-.0	.0	82.8	81.4	-1.4
20000 (30000	196.5	202.5	2.0	-.0	-.0	.0	198.5	202.5	2.0
30000 (50000	356.0	362.1	4.1	-.0	-.0	.0	356.0	362.1	4.1
50000 (100000	164.1	165.8	1.7	-.0	-.0	.0	164.1	165.8	1.7
100000 (200000	45.8	46.3	.5	-.0	-.0	.0	45.8	46.3	.5
200000 (*****	20.9	21.1	.2	-.0	-.0	.0	20.9	21.1	.2
TOTALS	982.4	991.7	9.3	-3.4	-3.4	.0	979.0	988.3	9.3

Policy Economics Group Personal Income Tax Model

STATE TAX LIABILITY FOR: KENTUCKY

Policy Economics Group



Plan X: CONFERENCE BILL
PROVISIONS 01 - 9

Income Classifier: FEDERAL PLAN X AGI

Plan Y: CONFERENCE PROVISION #10
REPEAL SALES TAX DEDUCTION

Data for: FEDERAL FILERS ONLY
1987 Levels of Income

INCOME CLASS (DOLLARS)	NUMBER OF RETURNS		TAXABLE RETURNS		ADJUSTED GROSS INCOME			TAXABLE INCOME		
	SAMPLE (UNITS)	AGGREGATE (000'S)	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** (5000	684	230.7	118.9	118.9	255.1	255.1	.0	435.7	435.1	.5
5000 (10000	540	245.9	237.2	237.2	1780.4	1782.4	.0	1503.6	1506.0	2.4
10000 (15000	386	216.8	214.1	214.1	2573.7	2573.7	.0	2254.7	2262.9	8.2
15000 (20000	337	161.7	161.5	161.5	2615.3	2615.3	.0	2131.7	2149.6	18.0
20000 (30000	472	236.3	236.3	236.3	5502.1	5502.1	.0	4532.4	4531.7	.5
30000 (50000	568	261.6	261.6	261.6	8833.8	8833.8	.0	7497.1	7501.4	4.3
50000 (100000	358	63.2	63.2	63.2	3706.8	3706.8	.0	3205.1	3241.5	36.4
100000 (200000	248	9.1	9.1	9.1	985.7	985.7	.0	822.6	835.7	7.1
200000 (*****	252	1.7	1.6	1.6	445.3	445.3	.0	362.2	363.8	1.6
TOTALS	3853	1433.2	1329.4	1329.4	25735.4	25735.4	.0	22754.1	22802.9	28.9

INCOME CLASS (DOLLARS)	ITEMIZED RETURNS		DEDUCTIONS		EXEMPTIONS		STATE TAX CREDITS		FED TAX DEDUCTION	
	PLAN X (000'S)	PLAN Y (000'S)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)
***** (5000	3.1	3.1	157.8	157.3	7.6	7.6	.0	.0	44.8	44.8
5000 (10000	25.2	25.2	279.7	277.3	12.2	12.2	.0	.0	32.5	32.5
10000 (15000	32.5	31.7	322.8	316.6	11.4	11.4	.0	.0	122.8	122.8
15000 (20000	71.5	71.5	485.4	487.5	9.3	9.3	.0	.0	182.1	182.1
20000 (30000	155.2	155.2	972.8	919.5	14.2	14.2	.0	.0	511.5	511.5
30000 (50000	226.1	224.7	1337.2	1232.9	17.0	17.0	.0	.0	983.3	983.3
50000 (100000	63.4	61.6	502.7	465.3	5.0	5.0	.0	.0	586.4	586.4
100000 (200000	8.6	8.6	153.1	146.0	.7	.7	.0	.0	275.0	275.0
200000 (*****	1.5	1.4	86.2	84.4	.1	.1	.0	.0	177.4	177.4
TOTALS	586.2	583.1	4293.6	4266.7	75.5	75.5	.0	.0	2915.9	2915.9

INCOME CLASS (DOLLARS)	TAX (POSITIVE PORTION)			OUTLAYS (NEGATIVE PORTION)			TAX (NET OF OUTLAYS)		
	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)	PLAN X (\$ MIL)	PLAN Y (\$ MIL)	CHANGE (\$ MIL)
***** (5000	5.3	5.3	.0	-3.0	-3.0	.0	2.3	2.3	.0
5000 (10000	35.6	35.7	.1	-.3	-.3	.0	35.4	35.4	.1
10000 (15000	76.0	76.2	.3	-.1	-.1	.0	75.8	76.1	.3
15000 (20000	82.1	83.0	.9	-.0	-.0	.0	82.1	83.0	.9
20000 (30000	202.3	205.1	2.8	-.0	-.0	.0	202.3	205.1	2.8
30000 (50000	361.7	367.2	5.5	-.0	-.0	.0	361.7	367.2	5.5
50000 (100000	166.1	168.0	2.0	-.0	-.0	.0	166.1	168.0	2.0
100000 (200000	46.4	46.8	.4	-.0	-.0	.0	46.4	46.8	.4
200000 (*****	21.1	21.2	.1	-.0	-.0	.0	21.1	21.2	.1
TOTALS	996.5	1000.5	12.1	-3.4	-3.4	.0	993.0	1005.1	12.1

Policy Economics Group Personal Income Tax Model

Policy Economics Group

DISTRIBUTION OF STATE TAX CHANGE AND NUMBER OF RETURNS AFFECTED FOR KENTUCKY

Plan X: CONFERENCE BILL
PROVISIONS #1 - 9

Income Classifier: FEDERAL PLAN X AGI

Plan Y: CONFERENCE PROVISION #10
REPEAL SALES TAX DEDUCTIONData for: ALL RETURNS
1987 Levels of Income

INCOME CLASS (DOLLARS)	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH A CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
					TAX DECREASES		TAX INCREASES			
	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX DECREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX INCREASE (\$ MIL)	NUMBER OF RETURNS (UNITS)	AMOUNT OF TAX CHANGE (\$ MIL)
***** (5000	0.	.000	0.	.000	0.	.000	1305.	.024	0.	.000
5000 (10000	0.	.000	0.	.000	0.	.000	20255.	.037	0.	.000
10000 (15000	0.	.000	0.	.000	0.	.000	29448.	.072	759.	.024
15000 (20000	0.	.000	0.	.000	0.	.000	71202.	.899	0.	.000
20000 (30000	0.	.000	0.	.000	0.	.000	155200.	2.803	0.	.000
30000 (50000	0.	.000	0.	.000	0.	.000	226058.	5.456	1375.	.019
50000 (100000	0.	.000	0.	.000	0.	.000	62386.	1.957	832.	.018
100000 (200000	0.	.000	0.	.000	0.	.000	8730.	.402	119.	.000
200000 (*****	0.	.000	0.	.000	0.	.000	1416.	.106	16.	.000
ITEMIZE, Total	0.	.000	0.	.000	0.	.000	576000.	12.057	3102.	.040
***** (5000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
5000 (10000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
10000 (15000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
15000 (20000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
20000 (30000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
30000 (50000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
50000 (100000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
100000 (200000	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
200000 (*****	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
NON-ITEMIZE, Total	0.	.000	0.	.000	0.	.000	0.	.000	0.	.000
***** (5000	0.	.000	0.	.000	0.	.000	1305.	.024	0.	.000
5000 (10000	0.	.000	0.	.000	0.	.000	20255.	.037	0.	.000
10000 (15000	0.	.000	0.	.000	0.	.000	29448.	.072	759.	.024
15000 (20000	0.	.000	0.	.000	0.	.000	71202.	.899	0.	.000
20000 (30000	0.	.000	0.	.000	0.	.000	155200.	2.803	0.	.000
30000 (50000	0.	.000	0.	.000	0.	.000	226058.	5.456	1375.	.019
50000 (100000	0.	.000	0.	.000	0.	.000	62386.	1.957	832.	.018
100000 (200000	0.	.000	0.	.000	0.	.000	8730.	.402	119.	.000
200000 (*****	0.	.000	0.	.000	0.	.000	1416.	.106	16.	.000
ALL RETURNS, Total	0.	.000	0.	.000	0.	.000	576000.	12.057	3102.	.040

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.