

**ECONOMIC ESTIMATES OF THE REMOVAL OF BORROWED CAPITAL FROM
THE STATE CORPORATE FRANCHISE TAX BASE**

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Introduction

The following discussion presents a multi-year, dynamic estimate of the economic impacts of removing borrowed capital from the state corporate franchise tax base. A three-year phase-in of the removal of this tax base is examined, with the cost of capital incurred by businesses in the state reduced by some \$117 million per year at full phase-in. This capital cost reduction is allocated to 48 industry sectors, and stimulates increased investment spending across those industries. This increase in aggregate demand generates increased employment and income in the state that leads to further spending for consumption of goods and services, as well as additional investment spending. Both, production in the state and imports from outside the state increase to satisfy the increase in aggregate demand. Some additional production is exported outside of the state, and government spending responds, as well. All of this increases the demand for labor in the state greater than the substitution of capital for labor that is encouraged by the reduction in the cost of capital. Consequently, employment and earnings increase in the state. As the capital stock increases it approaches a new optimal level consistent with the new lower cost of capital, and smaller additions to investment spending occur each year. Additions to aggregate demand become smaller each year, and effectively, the economy approaches new higher levels of production, employment, and income. The numerical estimates of this process, as reflected in major economic aggregates, are summarized below with annual estimates for a ten-year period presented in attached tables, and a twenty-year period presented in attached graphs.

Impact Highlights (Without a State Balanced Budget Requirement)

Total Employment: increases by 4,391 jobs by the fourth year (a 0.18% increase)
Private Employment: increases by 4,162 jobs by the third year
Personal Income: increases by \$183.4 million by the ninth year (a 0.13% increase)
Wages & Salaries: increase by \$135.8 million by the fifth year (a 0.20% increase)
Real Gross State Product: increases by \$201 million by the seventh year (a 0.15% increase)
Real Fixed Investment: increases by \$398 million by the third year (a 1.35% increase)
Investment In Producer Durable Equipment and Non-Residential Structures: is over 90% of total investment by the fifth year
Total Spending: increases by \$1.011 billion by the third year
Spending on Imports: increases by \$413.2 million by the third year
Gross State Revenues: increase by \$16.8 million in the third year
Net State Revenues: decrease by \$100.2 million in the third year
Net State Cost Per Private Sector Job: \$24,076 in third year

Comments

- Positive economic impacts are generated by a reduction in the cost capital.
- Maximum annual impacts (increases) for the various variables occur in differing years over the span of the analysis. Eventually, most increases get smaller as wages, prices, and capital stocks adjust to new long-run levels consistent with the new permanent, but single drop in the cost of the capital.
- Economic impacts can be large in absolute terms but small relative to the economic aggregates being affected.
- The difference between additional real spending in the state and additional real production in the state is important to note. In the third year, the sum of additional real spending is \$1.012 billion while additional real gross state product is only \$185.1 million. The difference is \$413.2 million of spending on goods and services imported from outside the state. It is the production, employment, and income generated in the state and reflected in real gross state product that is the economic impact of the tax reduction, not the associated total spending.
- The increased economic activity in the state results in \$16.8 million of state tax receipts in the third year. However, this must be balanced against the \$117 million of state tax revenue given up through the tax base reduction. Thus, the net state fiscal impact is a negative \$100.2 million in the third year. The percentage of the tax reduction recovered through additional economic activity stimulated by the tax base reduction is 14.35% in the third year.
- Economic feedback or spin-off effects are relatively small. The tax reduction itself is small relative to the entire economy, and the importation of goods and services is relatively large. Thus, state economic multipliers are generally small.

Impact Highlights (With a State Balanced Budget Requirement)

Total Employment: increases by 1,312 jobs by the seventh year (a 0.05% increase)

Private Employment: increases by 2,985 jobs by the fifth year

Government Employment: decreases by 1,967 by the third year

Personal Income: increases by \$54.7 million by the ninth year (a 0.04% increase)

Wages & Salaries: increase by \$28.3 million by the sixth year (a 0.04% increase)

Real Gross State Product: increases by \$97.6 million by the tenth year (a 0.08% increase)

Real Fixed Investment: increases by \$338.8 million by the first year (a 0.91% increase)

Investment In Producer Durable Equipment and Non-Residential Structures: is over 90% of total investment by the first year

Total Spending: increases by \$665 million by the fifth year

Spending on Imports: increases by \$289.6 million by the fourth year

Gross State Revenues: increase by \$10 million in the third year

Net State Revenues: decrease by \$107 million in the third year

Net State Cost Per Private Sector Job: \$36,981 in third year

Comments

- The comments made above, when no balanced budget requirement is imposed on the analysis, are generally applicable to the case where a balanced budget requirement is imposed on the analysis
- When baseline government expenditures are reduced in order to finance the tax reduction, economic impacts are still positive but considerably smaller than if no

balanced budget requirement is imposed. The increase in aggregate demand resulting from the tax base reduction is offset to some extent by a decrease in aggregate demand resulting from the reduction in government expenditures.

- In the second year, the reduction in government employment resulting from reduced government expenditures is larger than the increase in private employment resulting from the increase in aggregate demand. Thus, aggregate employment actually declines in the second year. However, the tax reduction is still stimulatory, and in subsequent years the private sector positive economic responses outweigh public sector negative economic responses.
- Investment spending increases are nearly as large in both cases, with or without a balanced budget requirement. The reduction in the tax burden and thus the cost of capital is the same in both cases. The slightly lower investment spending increase in the balanced budget case is due to the fact that lower government spending dampens the increase in aggregate demand and thus the investment spending response to the economy as a whole.
- Government spending reductions are ameliorated somewhat over time because the economy is still positively stimulated by the tax reduction. A larger amount of private economic activity is accompanied by additional government expenditures.

General Discussion And Comments

Elimination of borrowed capital in the corporate franchise tax base does what is expected in the state's economy. Investment spending, primarily real fixed investment spending on producer durable equipment and non-residential structures, increases by significant dollar amounts each year after the tax reduction is implemented. Consequently, employment and income in the state are increased resulting in further investment spending, as well as consumption spending. A lower cost of capital relative to the surrounding economies results in some additional spending on export production from the state, and spending on imports also increases. Changes in government spending depend on whether a balanced budget requirement is imposed on the analysis. The paragraphs below discuss various aspects of the analysis and results.

Best Case, Worst Case: Obviously, economic impacts are largest under the assumption that the State does not have to balance its budget each year. In this case the tax reduction being studied does not have to be paid for by increasing some other tax or by reducing government expenditures. Thus, the tax reduction being studied is fully injected into the economy and maximum economic impacts are possible. If all or some portion of the tax reduction has to be made up through offsetting changes to the government fisc, then economic impacts are smaller because the net stimulation to the economy is smaller than the particular tax reduction being studied. The impacts resulting from each scenario (without and with a balanced budget requirement) can be viewed as the best case and the worst-case range of possibility for the tax reduction being studied.

Impacts Are Relatively Small: In absolute terms, economic impacts, especially spending impacts, can be large; at the levels of hundreds of millions of dollars. However, these impacts can be quite small relative to their baseline or existing amounts. Most of the impacts in this analysis are well below one percent of their baseline or existing levels.

The fact is the economy is very large. So large that even impacts of hundreds of millions of dollars are small relative to the absolute size of the economy.

Impact Estimates Are Generous: The models employed in this type of analysis generate estimates of economic impacts that most likely are overestimates of the true impacts. Large responses are assumed to occur immediately in the economy after a stimulus has been implemented. However, this is unlikely to occur in the real economy, especially with respect to business investment spending. Much of this type of spending is planned well in advance of any particular period. Additional investment spending in the early periods after the policy change is likely to be small, and only increases over time as the new lower cost of capital gets built into investment plans that come to fruition in later periods. Thus, the model's estimates of economic impact are likely to be generous, especially in the early periods of the analysis.

Imports Are Relatively Large: Regional economies are very much interconnected with other regional economies. This means that stimulative tax policies in a particular region have relatively small effects on the economic activity of that particular region because a portion of the stimulative effect of the policies leaks out to other regions through spending on imports from those other regions. The spending shows up in the local region but the production, employment, and income resulting from that spending shows up in the local region and in other regions. Gross state product is enhanced in the local region, as is employment and income in the region. However, a relatively large portion of the increase in spending in the region (aggregate demand) is on imports from other regions. In the case of this analysis, over 40% of the total additional spending generated in the state is spending on imports of goods and services from other regions. This is a major reason why economic multipliers at the regional level are fairly small.

Fiscal Impacts Are Generous: The model generates estimates of tax revenue associated with economic activity based on U.S. Census tax concepts and average effective tax rates. The baseline values of these tax concepts have been calibrated to levels consistent with familiar state (Louisiana) tax concepts. Since the economic impacts generated by the model are likely to be overestimated, the tax revenue estimates associated with those economic impact estimates are also likely to be overestimated. As a check on this, 5.1% of personal income and 9.6% of wage & salary disbursements were calculated. This type of calculation is commonly used for informal estimates of the amount of income that becomes state tax revenue. The resulting tax revenue estimates were 10% to 55% less than those generated by the model in the third year without a balance budget constraint, and 80% - 85% less than those generated by the model in the third year with a balance budget constraint. As an additional check, the model's personal income results were applied to econometric equations of sales and income tax used to forecast state tax receipts. The resulting tax revenue estimates were 45% less than those generated by the model in the third year without a balance budget constraint, and 87% less than those generated by the model in the third year with a balance budget constraint. Thus, the fiscal impacts generated by the model appear to be quite generous.

Recovery Of Tax Loss Is Relatively Small: While the model's gross state revenue impact is generous, it amounts to a relatively small percentage of the static revenue loss associated with the tax reduction. The maximum percentage of the static revenue loss recovered through additional economic activity is 14.4% in the third year without a balanced budget requirement and 8.6% in the third year with a balanced budget requirement. These results are in line with findings by other states performing similar dynamic economic analysis with the same model used here and with other modeling techniques. These results should not be surprising. The tax reduction itself is relatively small when spread over the entire state economy (\$117 million per year relative to nominal gross state product of around \$132 billion per year, and affecting more than 100,000 businesses in the state). Consequently, the reduction in the cost of capital to firms is small. In addition, regional economies have small multipliers because they are so interconnected with other economies. That is, a lot of goods and services are imported into the region's economy when its economic activity is enhanced.

Economy's Responsiveness Could Be Different: It is possible that the responsiveness of the economy to this tax reduction could be different than that embedded in the historical relationships of the model. Since the model itself is an estimate of the economy it is likely that actual results will differ from those presented here. However, it seems unlikely that actual economic responsiveness would be so different as to materially contradict the results presented here. The estimated percent of the static tax loss recovered through additional economic activity (8.6% - 14.4% in the third year) suggests that the economy would have to be as much as seven to eleven times more responsive to the tax reduction, than historical norms in the model presume, in order for static revenue losses to be offset by additional revenue receipts resulting from stimulated economic activity. A change in the economy's responsiveness approaching these magnitudes seems unlikely. In addition, while there is some progressivity in the state's tax system, it is quite modest and unlikely to significantly increase the share of static revenue loss recovered, even if the economy's responsiveness is greater than historical norms.

Project Description

This particular project involves a multi-year dynamic estimate of the economic impacts likely to occur as a result of removing borrowed capital from the state corporate franchise tax base. This change is built into the analysis as a dollar reduction in the cost of capital incurred by businesses in the state. The total statewide cost reduction imposed is approximately \$117 million per year, with a three-year equal phase-in up to that dollar level. This statewide cost reduction is allocated to 48 industry sectors.

This allocation required three separate steps. First, total corporate franchise tax collections in FY01 (\$248 million) were allocated to each industry on the basis of each industry's share of franchise tax liabilities over the three-year period 1997-1999, as supplied by the State Department of Revenue. Second, a fraction of each industry's franchise tax liability was estimated to be associated with borrowed capital on the basis of the total debt ratio for each industry at the national level. This information was taken from the Almanac of Business and Industrial Financial Ratios, 2000 edition, published by Prentice-Hall. This publication is based on Internal Revenue Service data for the

accounting period July 1996 through June 1997. The data from this publication indicated that total debt ratios averaged 63% for these industries, while the State Department of Revenue indicates that only 46% of the corporate franchise tax base is associated with borrowed capital. However, the definition of borrowed capital for state tax purposes is borrowing of more than one year, a subset of total borrowed capital or debt. Thus, a third step reduced each dollar allocation by some 27% (the extent to which the borrowed capital ratio in the state was less than the average national level total debt ratio).

This process generated an estimate of the dollar cost reduction in the cost of capital for each industry. Once fully phased-in, that dollar cost reduction was assumed to occur in each subsequent year of the analysis. These dollar cost reductions were entered into the model as reductions to the cost of capital in each industry.

Two different policy simulations were carried out. In the first, a state government balanced budget was not required. This means that the loss of tax revenue as a result of the tax base reduction is not presumed to have an impact on government spending in any year of the simulation. This provides the best-case results for the policy change, generating the maximum amount of additional aggregate demand, investment, employment, and income.

In the second simulation, a state balanced budget is required. This means that the loss of tax revenue as a result of the tax base reduction does reduce government spending by like amounts from the baseline levels that would otherwise occur. This is entered into the model as a total dollar reduction to state government expenditures equivalent to each year's total dollar cost reduction due to the tax base reduction. The model is allowed to allocate those spending reductions across the various government expenditure categories it contains. These expenditure categories are those of the U.S. Census Bureau, and no attempt was made to tailor the expenditure reductions to particular areas of governmental activity. These spending reductions offset some of the stimulative effects of the tax reduction but, this scenario is a reasonable perspective, since the state budget does have to be balanced on a year-to-year basis. This provides the worst-case results for the policy change

Model Description

The projections discussed above were generated through the use of a 53- sector socioeconomic model of the state of Louisiana constructed by Regional Economic Models, Inc. The model (commonly known as the REMI model) is considered among the best regional modeling tools available, and is widely used and respected by government agencies, private consulting firms, nonprofit institutions, universities, and public utilities. The model is specifically designed to estimate the economic consequences of a wide range of economic and policy changes. It is based on thirty years of data and relationships between the relevant region and the national and rest-of-world regions with a strong theoretical foundation. A large amount of local data is incorporated into the model, and a number of different analytical techniques are reflected in the model's operation. For multi-year periods, it allows users to manipulate a large number of input variables and generates a large number of output variables. A policy simulation is composed of a control or baseline projection and an alternative projection based on the

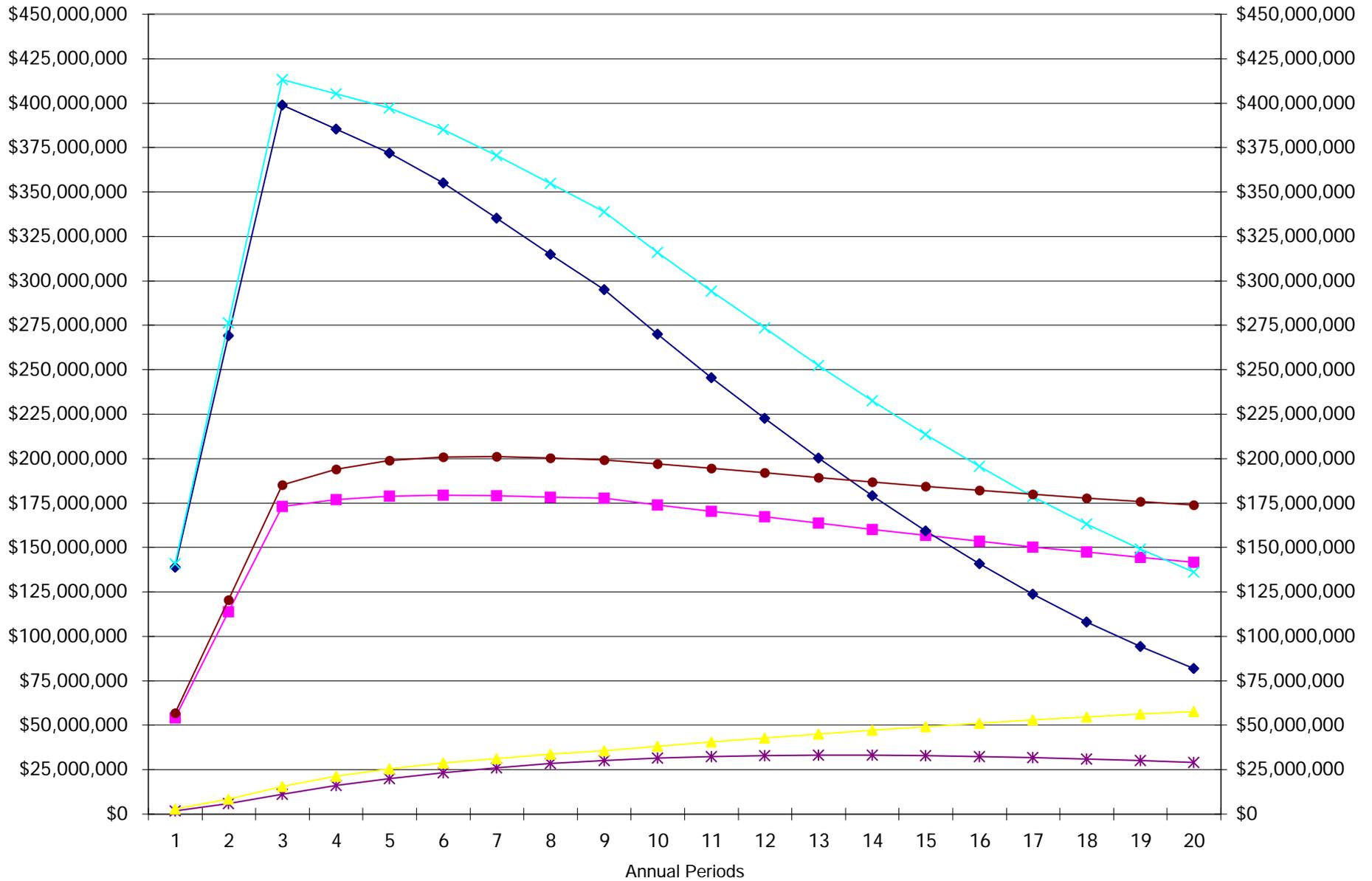
changes being studied. The differences between these two projections reflects the impact of the policy changes being studied, and those differences are what is discussed and displayed above.

**IMPACT OF REMOVING BORROWED CAPITAL
FROM THE CORPORATE FRANCHISE TAX BASE - 3-Year Phase-In
(without Balanced Budget Constraint)**

<u>DIFFERENCES FROM BASELINE</u>	Year =>	1	2	3	4	5	6	7	8	9	10
Major Economic Aggregates											
Total Employment		1,408	2,962	4,380	4,391	4,317	4,192	4,030	3,866	3,705	3,523
% Change from Baseline		0.06%	0.12%	0.18%	0.18%	0.17%	0.17%	0.16%	0.15%	0.14%	0.14%
Private Non-Farm Employment		1,374	2,848	4,162	4,081	3,940	3,759	3,554	3,358	3,174	2,975
Government Employment		34	113	218	309	377	433	476	509	533	548
Personal Income (Current \$)		\$42,740,000	\$93,540,000	\$147,800,000	\$160,300,000	\$170,500,000	\$177,100,000	\$180,700,000	\$182,600,000	\$183,400,000	\$182,300,000
% Change from Baseline		0.04%	0.09%	0.13%	0.14%	0.14%	0.14%	0.13%	0.13%	0.13%	0.12%
Wage & Salary Disbursements (Current \$)		\$39,600,000	\$83,890,000	\$128,800,000	\$132,700,000	\$135,800,000	\$135,700,000	\$133,100,000	\$129,300,000	\$125,100,000	\$119,500,000
% Change from Baseline		0.07%	0.14%	0.21%	0.20%	0.20%	0.19%	0.18%	0.17%	0.15%	0.14%
Real Gross State Product (92\$)		\$56,680,000	\$120,400,000	\$185,100,000	\$194,000,000	\$198,800,000	\$200,800,000	\$201,000,000	\$200,300,000	\$199,200,000	\$197,000,000
% Change from Baseline		0.05%	0.10%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.14%	0.14%
Consumption (92\$)		\$54,050,000	\$113,800,000	\$173,000,000	\$176,900,000	\$178,700,000	\$179,200,000	\$178,900,000	\$178,300,000	\$177,600,000	\$173,700,000
Investment (92\$)		\$138,759,500	\$269,032,620	\$398,745,700	\$385,244,400	\$371,829,200	\$354,905,900	\$335,177,700	\$314,850,300	\$294,825,400	\$269,900,200
Government (92\$)		\$1,751,000	\$5,693,000	\$11,110,000	\$16,010,000	\$19,890,000	\$23,220,000	\$26,000,000	\$28,300,000	\$30,120,000	\$31,260,000
Exports (92\$)		\$2,876,000	\$8,286,000	\$15,450,000	\$21,070,000	\$25,310,000	\$28,520,000	\$31,200,000	\$33,520,000	\$35,540,000	\$38,130,000
Imports (92\$)		\$140,700,000	\$276,300,000	\$413,200,000	\$405,200,000	\$397,000,000	\$385,100,000	\$370,300,000	\$354,600,000	\$338,800,000	\$316,000,000
Real Fixed Investment (92\$)		\$138,460,000	\$268,930,000	\$398,080,000	\$384,560,000	\$371,190,000	\$354,290,000	\$334,600,000	\$314,350,000	\$294,310,000	\$269,370,000
% Change from Baseline		0.51%	0.94%	1.35%	1.20%	1.08%	0.98%	0.89%	0.80%	0.72%	0.64%
Producer Durable Equipment Share		75.33%	74.89%	76.29%	77.70%	79.26%	80.64%	81.89%	83.00%	83.96%	84.94%
Non-Residential Structures Share		13.51%	13.83%	12.79%	12.14%	11.43%	10.80%	10.23%	9.72%	9.29%	8.88%
Residential Structures Share		11.16%	11.29%	10.91%	10.16%	9.31%	8.56%	7.88%	7.28%	6.75%	6.18%
Fiscal Impacts											
Gross State Tax Reduction		(\$38,000,000)	(\$78,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)
Gross State Revenue Impact		\$4,414,000	\$10,810,000	\$16,790,000	\$16,120,000	\$15,510,000	\$14,810,000	\$14,000,000	\$13,200,000	\$12,430,000	\$11,570,000
% Change from Baseline		0.08%	0.19%	0.29%	0.27%	0.26%	0.24%	0.23%	0.21%	0.20%	0.18%
% Tax Reduction Recovered		11.62%	13.86%	14.35%	13.78%	13.26%	12.66%	11.97%	11.28%	10.62%	9.89%
Net State Fiscal Impact		(\$33,586,000)	(\$67,190,000)	(\$100,210,000)	(\$100,880,000)	(\$101,490,000)	(\$102,190,000)	(\$103,000,000)	(\$103,800,000)	(\$104,570,000)	(\$105,430,000)
Net State Tax Impact per Private Sector Job		(\$24,443)	(\$23,591)	(\$24,076)	(\$24,718)	(\$25,757)	(\$27,188)	(\$28,981)	(\$30,914)	(\$32,950)	(\$35,439)

Change to Real Gross State Product Components

(WITHOUT Balanced Budget Requirement)



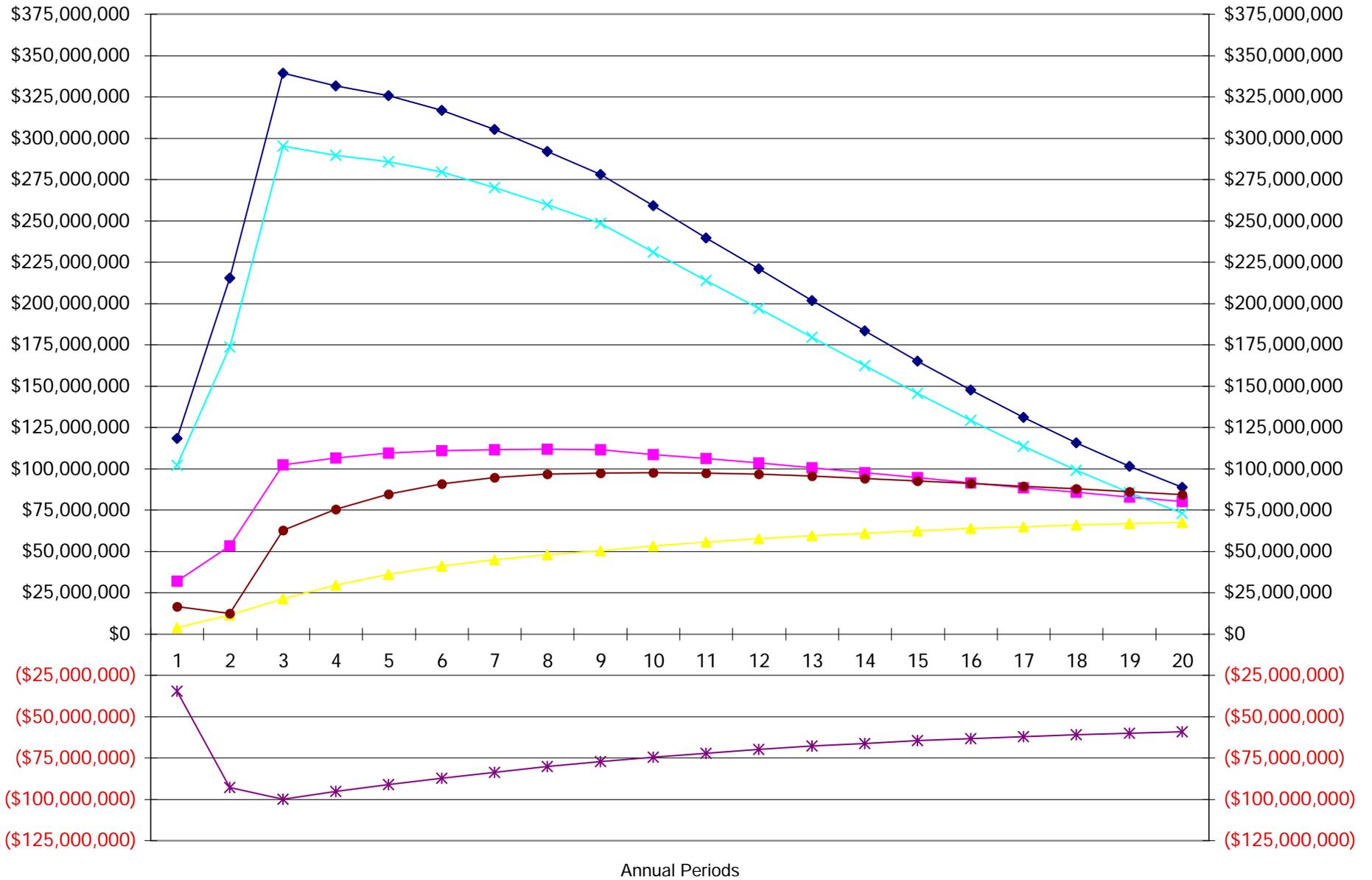
■ Consumption (92\$)
 ◆ Investment (92\$)
 ✱ Government (92\$)
 ▲ Exports (92\$)
 ✕ Imports (92\$)
 ● Real Gross State Product (92\$)

**IMPACT OF REMOVING BORROWED CAPITAL
FROM THE CORPORATE FRANCHISE TAX BASE - 3-Year Phase-In
(with Balanced Budget Constraint)**

<u>DIFFERENCES FROM BASELINE</u>	Year =>	1	2	3	4	5	6	7	8	9	10
Major Economic Aggregates											
Total Employment		226	-225	926	1,129	1,251	1,308	1,312	1,286	1,241	1,156
% Change from Baseline		0.01%	-0.01%	0.04%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Private Non-Farm Employment		909	1,628	2,893	2,973	2,985	2,939	2,846	2,735	2,612	2,468
Government Employment		-683	-1,853	-1,967	-1,844	-1,734	-1,631	-1,535	-1,448	-1,370	-1,311
Personal Income (Current \$)		\$8,560,000	(\$3,830,000)	\$28,500,000	\$35,680,000	\$43,370,000	\$49,010,000	\$52,310,000	\$54,140,000	\$54,670,000	\$53,500,000
% Change from Baseline		0.01%	0.00%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Wage & Salary Disbursements (Current \$)		\$7,088,000	(\$7,816,000)	\$19,920,000	\$22,310,000	\$26,250,000	\$28,270,000	\$28,170,000	\$26,830,000	\$24,570,000	\$20,940,000
% Change from Baseline		0.01%	-0.01%	0.03%	0.03%	0.04%	0.04%	0.04%	0.03%	0.03%	0.03%
Real Gross State Product (92\$)		\$16,280,000	\$12,230,000	\$62,580,000	\$75,420,000	\$84,590,000	\$90,710,000	\$94,440,000	\$96,500,000	\$97,310,000	\$97,590,000
% Change from Baseline		0.01%	0.01%	0.05%	0.06%	0.07%	0.08%	0.08%	0.08%	0.08%	0.08%
Consumption (92\$)		\$31,810,000	\$52,990,000	\$102,300,000	\$106,400,000	\$109,200,000	\$110,800,000	\$111,500,000	\$111,600,000	\$111,300,000	\$108,500,000
Investment (92\$)		\$118,285,000	\$215,221,280	\$339,205,000	\$331,441,400	\$325,560,300	\$316,764,500	\$305,057,200	\$291,944,300	\$278,028,300	\$259,009,600
Government (92\$)		(\$34,700,000)	(\$92,960,000)	(\$100,200,000)	(\$95,480,000)	(\$91,340,000)	(\$87,430,000)	(\$83,800,000)	(\$80,470,000)	(\$77,430,000)	(\$74,750,000)
Exports (92\$)		\$3,677,000	\$11,340,000	\$21,200,000	\$29,490,000	\$35,950,000	\$40,930,000	\$44,830,000	\$47,910,000	\$50,280,000	\$53,180,000
Imports (92\$)		\$102,000,000	\$173,600,000	\$295,200,000	\$289,600,000	\$285,700,000	\$279,300,000	\$270,100,000	\$259,600,000	\$248,300,000	\$231,000,000
Real Fixed Investment (92\$)		\$118,062,000	\$215,210,000	\$338,770,000	\$330,940,000	\$325,040,000	\$316,150,000	\$304,530,000	\$291,380,000	\$277,530,000	\$258,580,000
% Change from Baseline		0.45%	0.52%	0.91%	0.82%	0.75%	0.70%	0.64%	0.59%	0.54%	0.48%
Producer Durable Equipment Share		78.27%	48.24%	58.30%	59.49%	61.09%	62.36%	63.35%	64.10%	64.63%	64.81%
Non-Residential Structures Share		14.03%	11.81%	11.55%	10.96%	10.38%	9.83%	9.33%	8.88%	8.50%	8.13%
Residential Structures Share		7.69%	6.43%	7.62%	7.14%	6.53%	5.99%	5.47%	5.00%	4.56%	4.06%
Fiscal Impacts											
Gross State Tax Reduction		(\$38,000,000)	(\$78,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)	(\$117,000,000)
Gross State Revenue Impact		\$1,419,000	\$4,598,000	\$10,020,000	\$9,638,000	\$9,361,000	\$8,980,000	\$8,472,000	\$7,915,000	\$7,340,000	\$6,678,000
% Change from Baseline		0.03%	0.08%	0.17%	0.16%	0.16%	0.15%	0.14%	0.13%	0.12%	0.10%
% Tax Reduction Recovered		3.73%	5.89%	8.56%	8.24%	8.00%	7.68%	7.24%	6.76%	6.27%	5.71%
Net State Fiscal Impact		(\$36,581,000)	(\$73,402,000)	(\$106,980,000)	(\$107,362,000)	(\$107,639,000)	(\$108,020,000)	(\$108,528,000)	(\$109,085,000)	(\$109,660,000)	(\$110,322,000)
Net State Tax Impact per Private Sector Job		(\$40,253)	(\$45,084)	(\$36,981)	(\$36,115)	(\$36,060)	(\$36,758)	(\$38,130)	(\$39,891)	(\$41,991)	(\$44,696)

Change to Real Gross State Product Components

(WITH Balanced Budget Requirement)



■ Consumption (92\$)
 ◆ Investment (92\$)
 ✱ Government (92\$)
 ▲ Exports (92\$)
 ✕ Imports (92\$)
 ● Real Gross State Product (92\$)