

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

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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. Immediate removal of this entire portion of the tax base is examined as a \$100 million reduction in the cost of capital incurred by businesses in the state. 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 business investment spending. Both production in the state and imports from outside the state increase to satisfy the increase in aggregate demand. Some of the additional production is exported outside of the state, and government spending responds to the resulting changes in population, as well. All of this increases the demand for labor in the state more than the effect of 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 higher optimal level of capital consistent with the new lower cost of capital, and smaller additions to investment spending occur in subsequent years. Additions to aggregate demand become smaller each year and 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 Government Balanced Budget Requirement)

Total Employment: peaks at 2,707 job gain by year four (0.11% gain)
Private Employment: peaks at 2,638 job gain by year three
Personal Income: peaks at \$101.5 million gain by year seven (0.07% gain)
Wages & Salaries: peaks at \$78.3 million by year five (0.12% gain)
Real Gross State Product: peaks at \$170.3 million by year six (0.11% gain)
Real Fixed Investment: peaks at \$274.1 million by year three (1.06% gain)
Gross State Tax Revenues: \$13.8 million in year one; \$7.8 million by year ten
Net State Tax Revenues: \$86.2 million loss in year one; \$92.2 million loss by year ten
Percent of Tax Loss Recovered: 13.8% in year one; 7.8% by year ten
Net State Tax Cost Per Private Sector Job: \$33,022 in year one; \$55,154 by year ten

Comments

- Positive economic impacts are generated by a reduction in the cost of capital.
- Maximum annual impacts for the various variables occur in different years of the analysis. Eventually, most impacts get smaller as wages, prices, and capital stocks adjust to new long-run levels consistent with the new permanent, but single reduction in the cost of capital.
- Economic impacts can be large in absolute terms but small relative to the economic aggregates being affected.

- The difference between additional real gross spending in the state and additional real production in the state is important to note. In the first year, the sum of additional real gross spending in the state is \$372.8 million (consumption + investment + government + exports) while additional real gross state product is only \$135.6 million. The difference is \$237.2 million of spending on goods and services imported from outside the state (64% of gross spending). It is the production, employment, and income generated in the state and reflected in real gross state product that is the economic impact in the state of the tax reduction, not the associated gross spending (the import component of which enhances production, employment, and income outside of the state).
- The increased economic activity in the state results in \$13.8 million of additional state tax receipts in the first year, declining to a \$7.8 million gain by the tenth year. However, this must be balanced against \$100 million per year of state tax revenue given up through the tax base reduction. Thus, the net state government fiscal impact is a negative \$86.2 million in the first year, worsening to a negative \$92.2 million by the tenth year. The percentage of the tax reduction recovered through additional economic activity is 13.8% in the first year, declining to 7.8% by the tenth 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 and the consequent feedback effects are generally small, as well.

The results discussed above apply to a scenario where state government does not have to balance its budget in any particular year. Thus, the loss of tax revenue from the removal of borrowed capital from the corporate franchise tax base does not reduce government spending. This scenario implies that both state government and the private sector can spend the same dollars simultaneously. This is clearly not possible. In addition, state government does, in fact, face a balanced budget requirement. Thus, the tax revenue loss will result in lower government expenditures than would otherwise be the case. This will reduce the stimulatory effects on the economy of the tax reduction.

Given these realities, the analysis is extended to reduce state government expenditures by the \$100 million amount of the tax reduction. Estimates of the impact on major economic aggregates, under such a balanced budget scenario, are summarized below.

Impact Highlights (With a State Balanced Budget Requirement)

Total Employment: peaks at 388 job gain by year five (0.02% gain)

Private Employment: peaks at 1,776 job gain by year three

Personal Income: peaks at \$22.5 million gain by year six (0.02% gain)

Wages & Salaries: peaks at \$14.1 million by year five (0.02% gain)

Real Gross State Product: peaks at \$79.3 million by year seven (0.05% gain)

Real Fixed Investment: peaks at \$235.2 million by year three (0.66% gain)

Gross State Tax Revenues: \$8.7 million in year one; \$3.7 million by year ten

Net State Tax Revenues: \$91.3 million loss in year one; \$96.3 million loss by year ten

Percent of Tax Loss Recovered: 8.7% in year one; 3.7% by year ten

Net State Tax Cost Per Private Sector Job: \$54,683 in year one; \$84,739 by year ten

Comments

- The comments made above, when no balanced budget requirement is imposed, are generally applicable to the case where a balanced budget requirement is imposed.
- When 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 reduction is offset to some extent by a decrease in aggregate demand resulting from the reduction in government expenditures.
- However, the tax reduction is still stimulative, and private sector positive economic responses outweigh negative economic responses resulting from a diminished public sector.
- Increases in investment spending are nearly as large, 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 roughly 15% smaller 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 in 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. Thus, government spending reductions are actually smaller than the dollar loss of tax revenue being analyzed.

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 material 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, while spending on imports also increases. Changes in government spending depend on whether a balanced budget requirement is imposed. The discussion below addresses 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 for a tax reduction of the magnitude studied here. However, these impacts can be quite small relative to their baseline or existing amounts. The impacts estimated in this analysis tend to be well below one percent of their baseline levels. The fact is that the economy is very large (Louisiana gross state product in 2001 is estimated to be \$148.7 billion in current dollar terms, and \$125.3 billion in 1996 dollar terms). The economy is so large that even impacts of hundreds of millions of dollars are small relative to the size of the aggregates that describe 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 provided. 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. Even responses in consumption spending occur with some time lag because, to some extent, changes in spending habits depend on the development of a perception of permanence to the changes in disposable income resulting from a stimulus. Thus, the estimates of economic impact resulting from this analysis 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 economies. This means that stimulative tax policies in a particular region can have relatively small effects on the economic activity of that particular region because large portions of the stimulative effect of the policies can leak out to other regions through spending on imports from those other regions, as well as into savings. The demand for goods & services shows up in the local region but the production, employment, income, and taxes that result from satisfying that demand shows up in the local region and in other regions. Gross state product is enhanced in the local region, as are employment, income, and tax receipts. However, a relatively large portion of the increase in demand in the region is satisfied by imports from other regions. In the case of this analysis, approximately 64% of total additional demand in the state is satisfied by imports of goods and services from other regions. This is a major reason why economic multipliers at the regional level are actually fairly small.

Fiscal Impacts Are Generous: The model generates estimates of tax revenue associated with economic activity based on U.S. Census 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 by the economic development community for informal estimates of the amount of income that becomes state tax revenue. These are the average ratios of those income concepts to income-related state tax receipts since 1996. The resulting tax revenue estimates were 56% to 74% less than those generated by the model in the first year without a balanced budget constraint, and 94% - 96% less than those generated by the model in the first year with a balanced budget constraint. As an additional check, the model's personal income results were applied to various

econometric equations of sales and income tax that have been used to aid in forecasting state tax receipts. The resulting tax revenue estimates ranged from 6% - 74% less than those generated by the model in the first year without a balanced budget constraint, and 5% - 90% less than those generated by the model in the first year with a balanced budget constraint. Thus, the fiscal impacts generated by the model appear to be 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 13.8% without a balanced budget requirement, and 8.7% 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, as well as with dynamic analysis performed as part of the federal budgeting process. These results should not be surprising. The tax reduction itself is relatively small when spread over the entire state economy (\$100 million per year relative to nominal gross state product of around \$148.7 billion per year, and affecting more than 100,000 businesses in the state). Consequently, the average 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. These imported goods and services do not generate production related employment, income, and tax receipts in the state being stimulated but rather in the surrounding regions that are supplying the imported goods and services.

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, 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 maximum estimated percent of the static tax loss recovered through additional economic activity (8.7% - 13.8%) suggests that the economy would have to be at least seven to twelve times more responsive to the tax reduction, than historical norms in the model presume, in order for static revenue losses to be completely offset by additional revenue receipts resulting from stimulated economic activity. A change in the economy's responsiveness approaching these magnitudes seems highly unlikely. While there is some progressivity in the state's income tax system, it is modest and unlikely to significantly increase the share of static revenue loss recovered, even if the economy's responsiveness is greater than historical norms suggest.

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 \$100 million per year, allocated to 48 industry sectors.

This fixed level of cost reduction was selected for specific reasons. It roughly approximates the annual amount of tax dollars associated with this portion of the tax base over a multi-year period. Specific estimates of the annual tax dollars associated with borrowed capital can range around \$75 million to \$120 million, depending on the projected baseline of the tax as a whole.

The corporate franchise tax, as a whole, may be on a long-run declining trend as the limited liability corporate structure is adopted by more and more firms. That structure allows firms to avoid the tax altogether. This has been one reason why the tax has declined for the past four years. However, business investment spending has declined or been very weak for at least three of these years, as well. When that spending returns to its potential level, the franchise tax may rebound somewhat. The likely future path of the tax is for it to vary around a downward trend, some years growing and some years declining. Utilizing an estimate that attempts to incorporate the cyclical level of the tax in any particular year adds variation to the results that are not due strictly to the elimination of this portion of the tax base, which is the primary subject of interest. To isolate away from the influence of this likely cyclical pattern, a fixed dollar amount of tax reduction was selected for all years of the analysis. This fixed dollar amount roughly approximates the expected average value of the tax over the next several years.

Also, the project simulates a “shock” to the economy by eliminating the entire borrowed capital tax base immediately. No phase-out schedule was presumed for the analysis. This, combined with the fixed dollar cost of capital reduction discussed above means that full-implementation economic and fiscal impacts begin at once and, dynamic effects are the only things occurring in subsequent periods. However, policy simulations with any level of cost reduction and phase-in schedule could be examined.

The dollar cost reduction in the cost of capital (\$100 million discussed above) was allocated across 48 industries in two steps. First, each industry’s average share of total state franchise tax liabilities over the six-year period 1997-2002 was calculated from data supplied by the State Department of Revenue. Second, the fraction of each industry’s total franchise tax liability attributable to borrowed capital was estimated on the basis of a 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. These dollar cost allocations 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 in each year of the simulation. 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 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 (although this could be done). These spending reductions offset some of the stimulative effects of the tax reduction. However, this scenario is the most reasonable, since the state budget

does have to be balanced on a year-to-year basis and the same dollars cannot be spent by both the private and public sectors simultaneously. In effect, this provides worst-case results for the policy change.

Model Description

The projections discussed above were generated through the use of a 53- sector economic 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 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 over 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. 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 difference between these two projections reflects the impact of the changes being studied, and those differences are what is discussed and displayed here.

**IMPACT OF REMOVING BORROWED CAPITAL
FROM THE CORPORATE FRANCHISE TAX BASE**

{without Balanced Budget Constraint}

<u>DIFFERENCES FROM BASELINE</u>										
Annual Periods =>	1	2	3	4	5	6	7	8	9	10
Major Economic Aggregates										
Total Employment	2,660	2,710	2,763	2,707	2,623	2,502	2,364	2,215	2,063	1,912
% Change from Baseline	0.11%	0.11%	0.11%	0.11%	0.11%	0.10%	0.09%	0.09%	0.08%	0.07%
Private Non-Farm Employment	2,611	2,620	2,638	2,555	2,445	2,304	2,149	1,988	1,828	1,671
Government Employment	49	91	125	152	177	198	215	227	236	241
Personal Income (Current \$)	\$69,510,000	\$79,150,000	\$88,990,000	\$95,330,000	\$99,070,000	\$101,000,000	\$101,500,000	\$100,600,000	\$98,970,000	\$96,590,000
% Change from Baseline	0.07%	0.07%	0.08%	0.08%	0.08%	0.08%	0.07%	0.07%	0.07%	0.06%
Wage & Salary Disbursements (Current \$)	\$63,390,000	\$69,350,000	\$75,260,000	\$77,790,000	\$78,320,000	\$77,240,000	\$74,870,000	\$71,530,000	\$67,580,000	\$63,190,000
% Change from Baseline	0.11%	0.12%	0.12%	0.12%	0.12%	0.11%	0.10%	0.09%	0.08%	0.07%
Real Disposable Personal Inc. Per Capita (96\$)	\$16.19	\$14.68	\$13.47	\$11.77	\$9.89	\$8.01	\$6.18	\$4.48	\$2.93	\$1.53
% Change from Baseline	0.09%	0.07%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%	0.01%
Real Gross State Product (96\$)	\$135,600,000	\$149,400,000	\$161,000,000	\$167,200,000	\$170,000,000	\$170,300,000	\$168,900,000	\$166,300,000	\$163,000,000	\$159,200,000
% Change from Baseline	0.11%	0.11%	0.12%	0.12%	0.12%	0.11%	0.11%	0.10%	0.10%	0.09%
Consumption (96\$)	\$85,490,000	\$89,230,000	\$93,460,000	\$95,090,000	\$95,930,000	\$95,790,000	\$94,890,000	\$93,340,000	\$91,340,000	\$89,130,000
Investment (96\$)	\$269,636,600	\$272,579,300	\$274,369,200	\$265,621,000	\$251,499,900	\$234,659,900	\$216,008,700	\$196,654,300	\$177,098,300	\$158,044,000
Government (96\$)	\$2,859,000	\$5,404,000	\$7,511,000	\$9,172,000	\$10,830,000	\$12,240,000	\$13,410,000	\$14,350,000	\$15,060,000	\$15,590,000
Exports (96\$)	\$14,850,000	\$28,140,000	\$38,190,000	\$46,430,000	\$52,370,000	\$56,950,000	\$60,540,000	\$63,340,000	\$65,460,000	\$67,170,000
Imports (96\$, a negative to gross state product)	\$237,300,000	\$246,100,000	\$252,500,000	\$249,100,000	\$240,700,000	\$229,300,000	\$215,900,000	\$201,300,000	\$185,900,000	\$170,700,000
Real Fixed Investment (96\$)	\$270,520,000	\$272,580,000	\$274,060,000	\$264,640,000	\$250,500,000	\$233,680,000	\$215,040,000	\$195,790,000	\$176,260,000	\$157,228,000
% Change from Baseline	1.04%	1.10%	1.06%	0.92%	0.80%	0.69%	0.59%	0.49%	0.41%	0.34%
Producer Durable Equipment Share	73.12%	76.01%	77.90%	79.32%	80.28%	81.18%	81.98%	82.74%	83.40%	84.02%
Non-Residential Structures Share	18.16%	15.78%	14.18%	13.25%	12.59%	11.99%	11.47%	11.00%	10.62%	10.29%
Residential Structures Share	8.72%	8.21%	7.92%	7.43%	7.13%	6.83%	6.55%	6.26%	5.98%	5.69%
Fiscal Impacts										
Gross State Tax Change	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)
Gross State Revenue Impact	\$13,780,000	\$13,490,000	\$13,380,000	\$12,790,000	\$12,130,000	\$11,330,000	\$10,470,000	\$9,584,000	\$8,702,000	\$7,837,000
% Change from Baseline	0.20%	0.20%	0.19%	0.18%	0.17%	0.15%	0.13%	0.12%	0.11%	0.09%
% Tax Change Recovered	13.78%	13.49%	13.38%	12.79%	12.13%	11.33%	10.47%	9.58%	8.70%	7.84%
Net State Fiscal Impact	(\$86,220,000)	(\$86,510,000)	(\$86,620,000)	(\$87,210,000)	(\$87,870,000)	(\$88,670,000)	(\$89,530,000)	(\$90,416,000)	(\$91,298,000)	(\$92,163,000)
Net State Tax Impact per Private Sector Job	(\$33,022)	(\$33,020)	(\$32,840)	(\$34,128)	(\$35,933)	(\$38,487)	(\$41,657)	(\$45,476)	(\$49,944)	(\$55,154)

**IMPACT OF REMOVING BORROWED CAPITAL
FROM THE CORPORATE FRANCHISE TAX BASE**

{with Balanced Budget Constraint}

DIFFERENCES FROM BASELINE

Annual Periods =>	1	2	3	4	5	6	7	8	9	10
Major Economic Aggregates										
Total Employment	163	273	372	381	388	349	288	210	122	28
% Change from Baseline	0.01%	0.01%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%	0.00%
Private Non-Farm Employment	1,670	1,724	1,776	1,742	1,701	1,615	1,509	1,390	1,266	1,137
Government Employment	-1,507	-1,451	-1,404	-1,362	-1,313	-1,265	-1,221	-1,180	-1,144	-1,109
Personal Income (Current \$)	\$7,660,000	\$12,370,000	\$17,360,000	\$20,000,000	\$22,060,000	\$22,480,000	\$21,820,000	\$20,160,000	\$17,760,000	\$14,650,000
% Change from Baseline	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%
Wage & Salary Disbursements (Current \$)	\$5,539,000	\$8,789,000	\$12,220,000	\$13,400,000	\$14,140,000	\$13,370,000	\$11,680,000	\$9,171,000	\$6,104,000	\$2,480,000
% Change from Baseline	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.00%
Real Disposable Personal Inc. Per Capita (96\$)	\$7.96	\$7.57	\$7.26	\$6.54	\$5.83	\$4.97	\$4.10	\$3.23	\$2.42	\$1.64
% Change from Baseline	0.04%	0.04%	0.04%	0.03%	0.03%	0.02%	0.02%	0.01%	0.01%	0.01%
Real Gross State Product (96\$)	\$36,160,000	\$50,480,000	\$62,550,000	\$70,110,000	\$75,530,000	\$78,350,000	\$79,320,000	\$78,870,000	\$77,390,000	\$75,130,000
% Change from Baseline	0.03%	0.04%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.04%
Consumption (96\$)	\$40,410,000	\$42,580,000	\$44,860,000	\$45,160,000	\$45,780,000	\$45,260,000	\$44,080,000	\$42,310,000	\$40,170,000	\$37,640,000
Investment (96\$)	\$232,934,800	\$234,555,490	\$235,396,400	\$227,565,900	\$216,367,700	\$202,547,700	\$187,113,700	\$170,872,800	\$154,327,100	\$137,879,700
Government (96\$)	(\$88,690,000)	(\$86,550,000)	(\$84,280,000)	(\$82,200,000)	(\$80,130,000)	(\$78,170,000)	(\$76,350,000)	(\$74,670,000)	(\$73,130,000)	(\$71,700,000)
Exports (96\$)	\$16,570,000	\$31,200,000	\$42,610,000	\$52,280,000	\$59,390,000	\$64,890,000	\$69,190,000	\$72,400,000	\$74,660,000	\$76,360,000
Imports (96\$, a negative to gross state product)	\$165,100,000	\$171,300,000	\$176,000,000	\$172,700,000	\$165,900,000	\$156,100,000	\$144,700,000	\$132,100,000	\$118,600,000	\$105,100,000
Real Fixed Investment (96\$)	\$233,470,000	\$234,510,000	\$235,200,000	\$226,845,000	\$215,596,000	\$201,796,000	\$186,429,000	\$170,220,000	\$153,699,000	\$137,335,000
% Change from Baseline	0.96%	0.68%	0.66%	0.57%	0.50%	0.42%	0.35%	0.29%	0.24%	0.19%
Producer Durable Equipment Share	76.28%	49.55%	52.31%	53.50%	53.75%	53.72%	53.32%	52.63%	51.61%	50.33%
Non-Residential Structures Share	18.96%	14.36%	12.95%	12.14%	11.50%	10.93%	10.44%	10.02%	9.71%	9.49%
Residential Structures Share	4.75%	4.51%	4.38%	4.06%	3.89%	3.65%	3.38%	3.06%	2.71%	2.28%
Fiscal Impacts										
Gross State Tax Change	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)	(\$100,000,000)
Gross State Revenue Impact	\$8,695,000	\$8,493,000	\$8,372,000	\$7,855,000	\$7,351,000	\$6,684,000	\$5,961,000	\$5,205,000	\$4,439,000	\$3,670,000
% Change from Baseline	0.13%	0.13%	0.12%	0.11%	0.10%	0.09%	0.08%	0.07%	0.05%	0.04%
% Tax Change Recovered	8.70%	8.49%	8.37%	7.86%	7.35%	6.68%	5.96%	5.21%	4.44%	3.67%
Net State Fiscal Impact	(\$91,305,000)	(\$91,507,000)	(\$91,628,000)	(\$92,145,000)	(\$92,649,000)	(\$93,316,000)	(\$94,039,000)	(\$94,795,000)	(\$95,561,000)	(\$96,330,000)
Net State Tax Impact per Private Sector Job	(\$54,683)	(\$53,075)	(\$51,587)	(\$52,887)	(\$54,461)	(\$57,777)	(\$62,315)	(\$68,198)	(\$75,477)	(\$84,739)