



Governor Bentley's Revenue Solution

➤ Corporate Income Tax

- Require combined reporting

Estimated increase in revenue - **\$20 million**

➤ Financial Institution Excise Tax

- Remove the credit for sales taxes paid

Estimated increase in revenue - **\$1 million**

➤ Insurance Premium Tax

- Remove the credit for state privilege tax paid
- Remove the credit for ad valorem tax paid
- Remove the office facilities and real property investment credits

Estimated increase in revenue - **\$25 million**

➤ Public Utilities License Tax

- Remove exemption that applies to municipal utilities

Estimated increase in revenue - **\$47 million**

➤ Individual Income Tax

- Eliminate income tax withholding exemption certificates

Estimated increase in revenue - **\$12 million**

➤ Sales Tax for Automobiles

- Increase the rate for automobile sales to 4%

Estimated increase in revenue - **\$200 million**

➤ Rental Tax for Automobiles

- Increase the automobile rental tax to 4%

Estimated increase in revenue - **\$31 million**

➤ Cigarette and Tobacco Tax

- Increase the tax to \$1.25 per pack (increase of \$0.825 per pack)
- Increase tax on other tobacco products proportionately
- Keep wholesalers' discount the same as current

Estimated increase in revenue - **\$205 million**

Estimated total increase in revenue - \$541 million

