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## Transaction Tax on Services Rates

Total Services Transactions in the State is approximately \$55.7 Billion annually.

Therefore a 1% rate if ALL services are included raises \$557 million annually.

By exempting out most services purchased by the average individual or family, we believe the remaining "taxable services" that are primarily purchased by businesses and / or by the affluent with discretionary income, the estimated balance is still about \$25 billion annually.

**Tax rates vs. revenue assuming the base is roughly \$25 billion.**

<u>Rate</u>	<u>Annual</u>	<u>Biennium</u>	<u>No Exemptions</u> (annual revenue)
1%	\$250 million	\$500 million	\$557 million
2%	\$500 million	\$1 billion	\$1.114 billion
3%	\$750 million	\$1.5 billion	\$1.678 billion
4%	\$1 billion	\$2 billion	\$2.228 billion
5%	\$1.25 billion	\$2.5 billion	\$2.792 billion

If the taxable list drops to \$20 billion annually, then the revenue drops according. The key then becomes what do you want to increase and when. The corresponding issue becomes when to you want to start reductions on sales tax and how much. The other issue is the revenue needs for this biennium and how soon you need money to meet the needs of the state.