Office of the Governor
Fair Tax – Revenue Projections

The Governor's Office of Budget and Management worked with the Department of Revenue to arrive at a realistic projection for the amount generated by the fair income tax.

The team includes longtime respected experts like Deputy Governor Dan Hynes, who served as the state's comptroller for 12 years; Department of Revenue Director David Harris, a former Republican lawmaker who served in a leadership role for many years on both the revenue and appropriations committees; GOMB Director Alexis Sturm, who has worked in government finance for more than 20 years; and GOMB Chief of Staff Cameron Mock, who has worked in government finance for nearly a decade.

A breakdown of how many tax filers are in each income bracket can be found below.

To reach the 2021 projection, the team used data from the 2016 tax year, the most recent year for which complete data is available. They assumed filers' income for 2021 would have grown at the most recent respective 5-year compound annual growth rate (CAGR), and to ensure the estimate was conservative, included a one-year income stagnation in the event of a slowing economy.

The team assumed that local governments would receive 6 percent of the new revenue through LGDF and that $230 million of the new revenue would be used for property tax relief and child tax credits.

The team assumed that 10 percent of filers with net income more than $1 million and less than $2 million would try to capture a lower marginal rate. This is an extremely conservative assumption. In reality, only filers who have a net income between $1,000,000 and $1,009,305 would pay more in taxes than they would receive in income above $1,000,000 when the 7.95 percent rate is applied to all their income.

Net Income Range	TY 2016 Returns	TY 2016 Net Filer Income	Est TY 2021 Net Filer Income	Est Annual Revenue ($ in Millions)	
Equal Zero	757,409	$ -	$ -	$ -	
$1-$25,000	2,274,986	$ 25,389,277,987	$ 24,387,026,666	$ (39)	97% of Filers
$25,001-$50,000	1,196,032	$ 43,373,625,271	$ 44,395,866,448	$ (40)	
$50,001-$75,000	695,972	$ 42,776,555,772	$ 43,468,732,608	$ (32)	
$75,001-$100,000	433,330	$ 37,490,955,804	$ 38,097,605,187	$ (26)	
$100,001-$250,000	692,948	$ 101,263,124,511	$ 122,904,706,520	$ (40)	
$250,001-$500,000	117,535	$ 39,587,547,278	$ 48,048,052,078	$ 361	3% of Filers
$500,001-$1,000,000	37,391	$ 25,332,116,573	$ 32,869,805,712	$ 629	
$1,000,001 Or More	19,939	$ 62,137,674,453	$ 80,627,028,570	$ 2,721	
Total	6,225,542	$ 377,350,877,649	$ 434,798,823,789	$ 3,535	

Fair Income Tax	$	3,535
CIT Rate Change	$	332
LGDF From New FIT & CIT Rev.	$	(237)
Property & Child Tax Credits	$	(230)
Net Annual State Revenue	$	3,400