Policy Paper

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State of the State 2019: Tax Conformity Brings $200 Million to Improve Schools and Stabilize Budget

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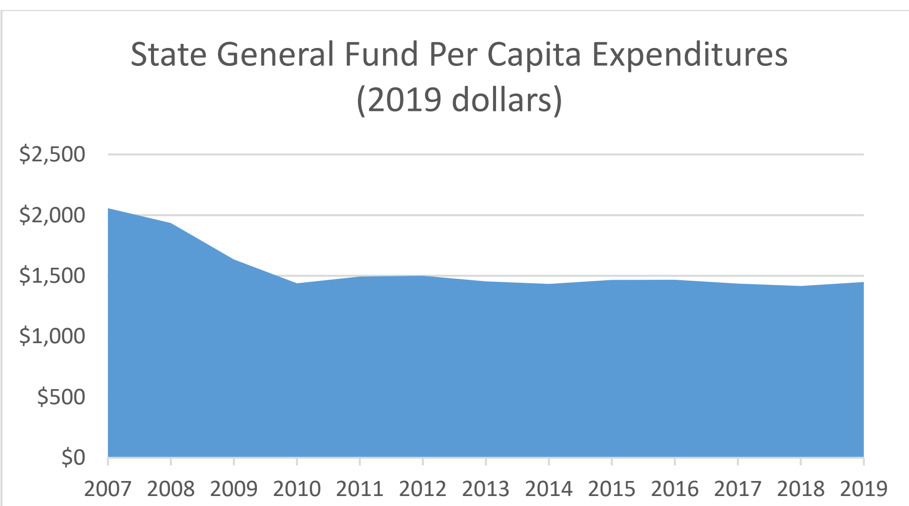
Executive Summary

Governor Doug Ducey is wise to be supporting federal tax conformity. Arizona's budget revenue situation has improved in recent years, resulting in a surplus of about $1 billion—largely seen as one-time dollars going into this session. On a per capita, inflation-adjusted basis, the state still has significantly less on-going revenue than it had at a similar point in the last business cycle in FY2007 (the late peak of the business cycle), approximately $3 for every $4 it had then. Consequently, though there was an infusion of funding for FY2019, largely due to #RedforEd and Governor Ducey's 20 by 2020 plan, the state still lags considerably behind where it stood before the Great Recession.

Figure 1



Conformity with federal tax changes under the Tax Cuts and Jobs Act (TCJA), enacted in December 2017, would enable the state to increase state revenues by approximately $200 million annually, about a 2 percent increase. Such a change would have a modest impact on state taxes paid by wealthy individuals whose after tax incomes rose by nearly 4 percent due to their substantially-reduced federal tax liability.

These added funds, if used wisely, would improve the fiscal management of the state. They would create a cushion to weather an upcoming recession and to shore-up needed state investments that have not been possible due to limited state government revenues.

Tax Cuts and Jobs Act

In 2017, United States taxpayers saw one of the most significant changes to federal tax policy in the past several decades. The TCJA reduced individual tax rates across all brackets and slashed corporate tax rates. This law has significant ramifications on the federal budget, with the Congressional Budget Office projecting that it will increase the federal deficit by $1.9 trillion over ten years.

Along with the reductions in tax rates came the shrinking or elimination of a majority of itemized deductions. While the standard deduction was essentially doubled ($12,000 instead of $6,500 for single filers and $24,000 rather than $13,000 for joint filers), personal exemptions were eliminated and two key deductions, the mortgage interest deduction and state and local tax deduction (SALT), were reduced. In addition, several other smaller reductions were eliminated, including most miscellaneous itemized deductions. Since Arizona derives its definition of income from the federal tax system, these changes have implications for Arizona tax liability.

Arizona Tax Law

Arizona structures its tax law in a way that is similar to federal law. There are five income tax brackets in Arizona, compared to seven federal brackets. Tax filers in Arizona begin with federal adjusted gross income, which is then subjected to adjustments yielding the Arizona adjusted gross income.

This is where things get interesting. Arizona, like the federal government, allows for either a standard deduction ($5,183 for single filers and $10,336 for joint filers) or itemized deductions. These itemized deductions mirror those that are offered at the federal level except for a broader inclusion of medical expenses. Arizona has what is called static conformity, meaning that, each year, the Arizona legislature amends Arizona law to mirror any changes made at the federal level. This has occurred every year so far this decade, except in 2018, when the legislature chose not to conform state tax law to the changes made in TCJA.

Conforming to TCJA

Conforming to TCJA would result in a revenue infusion for the state. The Joint Legislative Budget Committee (JLBC) released a report in November estimating that conforming to the TCJA would result in a revenue increase of $184 million in FY 2020 alone. The Arizona Department of Revenue estimates that this amount could be as high as $224 million (GCI uses the JLBC's numbers for the rest of the report in the interest of keeping estimates conservative). This amount comes from the federal restructuring of deductions.

There are four deductions that result in most of this revenue increase. First, by limiting the SALT deduction to $10,000 leads to a $56.9 million increase to state revenues. Second, limiting mortgage interest deductions on new mortgages above $750,000 for joint filers ($375,000 for single filers) results in $47.4 million in additional revenue.[1] The third deduction involves limiting unreimbursed employment-related expenses and other deductions that exceed 2% of adjusted gross income. This would result in additional revenue of $61.5 million per year. The TCJA also limited business losses that could be counted against earnings if earnings exceeded $250,000 for individuals and $500,000 for married couples. That could increase state revenue by about $31.6 million.

Somewhat impacting these revenues is the removal of the Pease limit on itemized deductions, which impacted wealthier taxpayers, reducing state revenue by about $20 million.

Breaking Down the Effect of TCJA on Arizona Taxpayers

To analyze the effect that tax conformity will have on Arizona taxpayers, GCI breaks down what the effect would be on four different classes of taxpayers. GCI anticipates no significant impact on taxpayers below the median, so this analysis only addresses impacts on taxpayers with median incomes and higher.

Figure 2 Earner Class by Household Income

Earner Class	Household Income
Median*	$61,125
Top Quintile**	$126,856
Top 5%**	$237,034
Top 1%**	$882,657

*Arizona data (2017)
**Measured at the lower-bound, national data (2017)
***Measured at the group average, Arizona data (2015)

GCI used two sample households in each income class. The first sample includes a married couple with two children under 17, eligible to take advantage of, subject to income limitations, the expanded child tax credit under the TCJA of $2,000 per child. The credit was doubled, but also income eligibility was greatly expanded.

The other household is a married couple with no children at the same income levels as the family with children.

[1] This provision also eliminated deductibility for home equity loan interest if the loan was not used to improve the home. GCI's analysis found that for median income taxpayers this impact was typically no more than $2, so it was not included in the analysis. While higher income taxpayers could be impacted to a greater degree, the average impact across an income class will be modest. See Appendix A for more details.

GCI presumes the two family types purchased a house on January 1, 2018, making them subject to the new mortgage debt restrictions of the TCJA. The median house price of $232,000 for the median income group was then extended proportionately so the income ratio stayed constant. Other deductible expenses were used that might be typical for each income group. Medical expenses were scaled up for higher income households. Miscellaneous deductions were taken from 2016 IRS tax data and applied as the average for returns in that income range. Business losses against income only apply to the highest income group and the JLBC expected revenue gain was then divided against the number of estimated Arizona taxpayers in that category based on 2015 tax return data from the Arizona Department of Revenue. This income adjustment was applied based on past tax law and then removed under the TCJA and conformity scenario.

GCI estimated the amount that each sample household would pay on their state income taxes under current Arizona law then compared it to the amount that each sample household would pay on their state income taxes if Arizona conformed its tax policy to federal law. A complete methodology of how these estimates were calculated is available in Appendix A-Methodology.

Effect on Earners

GCI's analysis found that conforming to the federal tax law had minimal impact on tax filers from the median, top quintile and top 5% classes of income earners. Only the top 1% of earners see an appreciable increase in state income taxes of approximately 10%. Notably, the state impacts are the same on the two sample households — without and without children — since conformity would not impact how the state taxes based on family size. All income groups, especially the top 1% of earners, show net gains after tax conformity given the significant federal level tax cuts through the TCJA. Details shown in Figures 3 through 6.

Notably, since changes in the federal child tax credit does not impact Arizona tax liability, the net change in tax liability are practically the same for all income groups regardless of whether or not they had children. The sample household without children had higher taxable income, but the net change in taxable income and deductions is about the same.

Figure 3 Effect of Tax Conformity on Arizona Filers-Family of Four (two children)

		Current Law		Tax Conformity		Change in Tax Liability
Earner Class	Income	Deductions	Taxes Paid	Deductions	Taxes Paid	
Median	$61,125	$28,393	**$881**	$27,214	**$917**	**$36**
Top Quintile	$126,856	$46,985	**$2,376**	$44,831	**$2,448**	**$72**
Top 5%	$237,034	$73,230	**$5,726**	$66,859	**$5,996**	**$270**
Top 1%	$882,657	$174,958	**$29,981**	$99,844	**$33,391**	**$3,410**

Figure 4 Total Savings in Tax Liabilities-Family of Four (two children)

Earner Class	Federal Deductions	Federal Taxes Paid	Savings Under TCJA	Liability Under Conformity	Total Savings in Tax Liabilities
Median	$24,000	$74	$2,092	$36	**$2,057**
Top Quintile	$25,796	$10,112	$4,417	$72	**$4,345**
Top 5%	$46,431	$30,315	$7,050	$270	**$6,780**
Top 1%	$70,038	$240,048	$32,677	$3,410	**$29,267**

Figure 5 Effect of Tax Conformity on Arizona Filers-Married Couple (no children)

		Current Law		Tax Conformity		Change in Tax Liability
Earner Class	Income	Deductions	Taxes Paid	Deductions	Taxes Paid	
Median	$61,125	$23,695	**$1,018**	$22,516	**$1,052**	**$34**
Top Quintile	$126,856	$42,534	**$2,525**	$40,380	**$2,598**	**$72**
Top 5%	$237,034	$68,818	**$5,913**	$62,259	**$6,191**	**$278**
Top 1%	$882,657	$170,558	**$30,180**	$95,244	**$33,600**	**$3,419**

Figure 6 Total Savings in Tax Liabilities-Married Couple (no children)

Earner Class	Federal Deductions	Federal Taxes Paid	Savings Under TCJA	Liability Under Conformity	Total Savings in Tax Liabilities
Median	$24,000	$4,074	$1,331	$34	**$1,297**
Top Quintile	$25,945	$14,079	$2,837	$72	**$2,765**
Top 5%	$46,431	$34,315	$5,266	$278	**$4,988**
Top 1%	$70,038	$240,048	$32,677	$3,419	**$29,258**

Arizona Needs $1 Billion to Approach Educational Goals Beyond Current Commitments

GCI has been reporting over the last few years on the decline of state revenues relative to 10 years prior. A study last year found that Arizona was only bringing in $3 now for every $4 that it brought in during FY 2007, adjusted for inflation. State revenue growth has consistently lagged behind all of Arizona's neighboring states aside from New Mexico. Another report by GCI found that the state may stand to lose $250 million per year of education funding starting in 2021 when Prop 301 reauthorization starts as a result of Prop 126's passage, which banned the taxing of services.

Arizona continues to trail when it comes to education rankings. To improve the effectiveness of the state's education system, several aspirational goals have been put forward that have been embraced by Governor Ducey. These goals include a 60% post-secondary degree attainment rate for adults (the current rate is 42%), a 45% enrollment rate in high-quality preschool (the current rate is 21%), a 90% high school graduation rate in four years (compared to 78% now), and several others.

The graduating class of 2030 is already in 2nd grade. The failure of the state to make meaningful, timely investments in early childhood places many of these students at a distinct disadvantage. Investments are needed now if the state is to improve on its subpar high school graduation rate.

In April 2018 GCI recommended a series of investments, some of which related to teacher pay, that the state has moved forward on, but other key areas remain underfunded. Investments at the levels below are low-end estimates of what the state would need to make meaningful changes to work toward meeting educational outcome goals.

- ✓ Early Childhood Education—To meet the needs of children under the poverty line so they can be successful in school, this includes birth to three home visits: $200 million.
- ✓ Added Interventions—To elevate student performance to achieve goals for third grade reaching, eighth grade math and high school graduation: $250 million
- ✓ All-day Kindergarten: $265 million

This is on top of Governor Ducey's pledge to restore District Additional Assistance by FY2023 and ongoing litigation related to whether state school facility funding is in compliance with *Roosevelt v. Bishop* (1994).

University funding has also suffered from a lack of state investment. Per-student funding for higher education in Arizona is 41.4% below 2008 levels. Arizona's allocation of $4,920 per full-time student in FY 2017 causes it to be ranked 44th in the country in per-student spending. Universities have been compensating by doing more-with-less; general fund and tuition revenue has decreased since FY 2008, from $16,986 to the current level of $15,734. Regardless, post-recession tuition increases at Arizona universities are the largest in the nation, with a $5,355 increase per student. This amount is more than twice the national average.

Governor Ducey has embraced a proposal by the Arizona Board of Regents that the state should be funding half the cost of resident university students. Meeting that goal would cost the state approximately $250 million per year.

A Recession is coming—are we prepared?

While a frequent quip is that the stock market has predicted eight of the last four recessions, there is no question that economic fundamentals are weakening despite very low unemployment and strong economic growth including a very positive December jobs report. The trade dispute with China may intensify. The partial government shutdown continues. Corporate debt is now at a higher percent of GDP than it was at the time of the Great Recession. Interest rates are rising, increasing the cost of borrowing. Almost as much investment grade corporate debt is rated as BBB (lowest) than A, AA and AAA combined, and the amount rated as speculative (BB or less) is growing. The bond market spread is widening between speculative grade relative to investment grade bonds, indicating that investors see such debt as increasingly risky. In addition, any growth spurred by tax changes and a rising federal deficit from the TCJA will diminish in 2019. Collectively, there is near universal agreement among forecasters that growth in 2019 will slow compared to 2018, and an increasing portion of economists are predicting a recession in 2019 or 2020.

Arizona moves into FY2020 with strong one-time resources. The state has $900 million in estimated one-time dollars that could be allocated to school facilities, the budget stabilization fund and reducing the $930 million K-12 rollover. In addition, the state has an estimated $200 million in ongoing revenues beyond what was anticipated in addition to any revenue from federal tax conformity.

The state's budget stabilization fund (commonly called the "rainy-day fund") is also in need of financial support. The fund's balance at the beginning of the Great Recession was $677 million. The fund was drained over the next few years as lawmakers desperately tried to plug holes in the budget due to plummeting revenues. Lawmakers were able to start rebuilding the fund in FY 2012 when the fund started with a $0 balance but was at $250 million by the year's end.

The rainy-day fund currently sits at $462 million. Governor Ducey has suggested using the increased revenue from tax conformity to rebuild the rainy-day fund to its statutory maximum of $721 million (7 percent of general fund revenues). Governor Ducey's recommendation would be to use the revenues from the first year of federal tax conformity for the stabilization fund and then reallocate the funds in ensuing years to other budgetary priorities. While Governor Ducey's recommendation would not address meeting the state's educational goals, it would help assure the state is better positioned to deal with the next recession.

Rebuilding the rainy-day fund is prudent. The Pew Charitable Trusts ranks Arizona as one of the least-prepared states for the next recession. Arizona was judged to be the fifth-most volatile state based on changes in state revenues over the last 20 years. This measure can predict how sensitive Arizona's revenue stream is to changes in economic conditions. Pew Charitable Trusts also ranked Arizona 37th in cash reserves, with the stabilization fund only resourced with 5.1% of annual spending. Volatile revenues and low spending are a bad combination that threaten the wellbeing of state programs and institutions, such as education and healthcare.

GCI also encourages policymakers to work on reversing the rollover of K-12 funding, a $930 million accounting gimmick that places part of state payments in the next fiscal year. Because the state is required to submit a balanced budget, the state may need to resort to this maneuver again when it faces a future budget deficit.

Conclusion

Arizona's long-term fiscal, educational and economic interests are best served by conforming to the TJCA. It will improve revenues by about $200 million and the cost will almost completely be borne by individuals who gained the most from TJCA reforms, those with household incomes in the top 1% of the state's income brackets. Most Arizonans will be able to enjoy the benefits of the added revenue infusion and bear little of the cost.

Federal tax conformity should be a top immediate priority for lawmakers. GCI concurs with Governor Ducey on this policy position.

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Appendix A-Methodology

GCI pulled data from a variety of sources to create estimates for the income taxes paid for the four groups analyzed in this policy paper. The three forms used for this estimation were the federal Form 1040, the Federal Schedule A, and the Arizona State Form 140. Family-of-four estimates are based on parents being under 65 and the children being under 18. In addition, equivalent estimates were done for the married couple with no children, with the couple being married and filing jointly. The estimate also assumes that each family purchased a home in January 2018 in order to be included in the mortgage interest deduction limits for the TCJA.

First, the income was determined. Next, estimates were created for that income for medical expenses, state and local taxes (both state income or sales taxes and property taxes; home mortgage interest, charitable contributions, and miscellaneous deductions). These estimates were entered into the Schedule A. The itemized deduction was used if it was greater than the standard deduction (which was only the case for the median earner). The federal tax liability was then determined. Two child tax credits were taken in the classes where allowable (which was the case for all classes aside from the top 1% earners under the TCJA but only the median income group could do so under the prior tax law).

A Form 140 was then completed, with the only adjustment to the AGI being $4,600 for the two dependents (in the couple with children case) and the personal exemptions in all cases. The Form 140 Schedule A is then filled out to include the medical expenses that were not included in the federal deductions (all classes that itemized were not able to deduct any medical expenses federally). The itemized deduction was used as it was greater than the standard deduction for all classes. The state tax liability was then determined.

If any part of Schedule A was affected by the TCJA changes (such as the SALT being more than $10,000), a second Schedule A was completed using the pre-TCJA rules. This was only true for the top 5% earners and the top 1% earners. A new Form 140 was then completed using this new Schedule A value.

Below is a description of how the various values for these returns were determined:

- **Income**: Median Arizona income data was gathered from the St. Louis Federal Reserve. The top quintile and top 5% earner incomes came from the Census Bureau. These are national numbers. Arizona-specific numbers would likely be somewhat lower. The top 1% income data comes from an analysis of Arizona IRS filings for 2015 included in an Economic Policy Institute report published in July 2018.
- **Medical Expenses**: Average medical expenses from Becker Hospital Review for a family of four was used for the median income. Estimates for the other classes were made using data from the Bureau of Labor Statistics. For the top quintile, the following average expenses were added together for the fourth quintile and the fifth quintile: healthcare, medical services, prescription drugs, and medical expenses. To capture the fact that the top quintile was sitting at the lower income bound, the difference between the fourth and

fifth quintile sums were taken and divided by two. This value was then added to the fourth quintile sum to produce the estimate for the top quintile. Because medical expenses increased as income rose but not at a proportional rate, the fifth quintile sum was used for the top 5% of earners. This value was then doubled to produce the estimate for the top 1% of earners.

- **State and Local Taxes**: The state and local tax data for median earners were derived based on income values and home price and associated property taxes:
    - **State Income Taxes**: State income taxes were applied based on the taxes calculated through the GCI analysis. In practice, when taxpayers overpay, they report their refund on a subsequent federal tax return. So the federal deduction is not more than the actual state income tax liability.
    - **State General Sales Taxes**: The IRS has an online sales tax estimator, since most taxpayers do not keep detailed records of sales taxes. GCI used this calculator and determined that only for the median income family were general sales taxes higher than the state personal income tax.
    - **Property Taxes**: The Tax Foundation for 2015 estimated Arizona Property Taxes as 0.80% of total home value, likely from assessor records. Currently SmartAsset puts the figure at 0.77%. As a high-end estimate, the 0.80% was used. For home values the median home price was found for January 2018. That value was assigned to the median household. Income ratios were assumed to align with home values at the same ratio for higher income households. This was then multiplied by the median home price from January 2018 of $232,000 (as the estimate for the home mortgage interest deduction assumes that the house was purchased during this time).
- **Home Mortgage Interest:** The home mortgage interest was determined by scaling the January 2018 median home list price to the applicable class level using the same procedure as was done in the first part of the property tax estimate. The interest rate for January 2018 (3.95%) was then used to determine the amortized interest paid during the first year of the loan.
- **Home Equity Lines of Credit (HELOC):** The TCJA eliminates the deductibility of interest on home equity loans if they were not used for home improvements or to the degree its value in combination with the mortgage exceeds $750,000 for a married couple ($375,000 filing separately). GCI determined that for median income households this impact would be minimal. The New York Federal Reserve reports that Arizona's per adult HELOC is about $1,000 or $2,000 for a married couple. The homeownership rate according to the St Louis Federal Reserve is 64.4% in Arizona, so the HELOC per married couple homeowner comes out as $3,100. Survey analysis indicates about half of this amount falls under the category of not being used for home improvement, leaving $1,550. The median income married homeowner would have something less, perhaps about $1,000. If the interest rate were 5%, then the annual interest would be approximately $50. Due to the very modest nature of this impact on state taxes paid (less than $2), it was omitted from the analysis.

- **Charitable Contribution:** Data for these estimates was gathered from the Urban Institute. The Urban Institute found that only 24.6 percent of returns itemized donations and estimated that the average charitable contribution across all returns was $1,170.16. This value was used for the median. The average itemized charitable contribution of $4,404 was used for the top quintile class. The charitable contribution for the top 5% class and the top 1% class was then scaled up from the average itemized charitable contribution.
- **Miscellaneous Deduction:** The TCJA eliminated miscellaneous deductions that had been allowed to the degree they exceeded 2% of gross income. Many of these are for unreimbursed employment-related expenses. While GCI anticipates many businesses will change their reimbursement processes, GCI used data from the IRS from the 2016 tax year per filer in the income range covered to determine the size of this deduction that would be lost under the TCJA. This is the deduction change that would most likely impact median income filers who itemize on their state return.
- **Business Loss Applied Against Income:** This limit on business losses only applies to single taxpayers seeking to apply excessive business losses that exceed aggregate gross receipts for the business and $500,000 for married filing jointly and $250,000 for all others. GCI uses an average application for the tax impact. The JLBC estimated a revenue gain of $31.6 million and based on the number of filers in high income groups, GCI estimates that 25,000 filers might be subject to the limitation based on data from the 2015 tax year from the Arizona Department of Revenue. This came out to an average of $27,841 per very high-end taxpayer. In practice this limit will impact only a few of these filers. Any loss disavowed is allowed to be carried forward to future years.

The following pages show a summary of the tax details for the households estimated.

pre-2017 tax law — Family of Four (2 children)

Income	Medical	SALT	Mortgage Interest	Charitable	Misc	Total	Pease 3%	Standard Deduction	Deduction Taken
$61,125	$0	$3,018	$7,272	$1,170	$1,178	$12,639		$12,700	$12,639
$126,856	$0	$6,228	$15,092	$4,404	$2,226	$27,949		$12,700	$27,949
$237,034	$0	$12,922	$28,200	$8,231	$3,450	$52,850		$12,700	$52,802
$882,657	$0	$56,781	$39,181	$30,652	$7,763	$134,376	$117,311		$117,311

2017 tax law

Income	Medical	SALT	Mortgage Interest	Charitable	Misc.	Total	Standard Deduction	Deduction Taken
$61,125	$120	$3,018	$7,272	$1,170	$0	$11,580	$24,000	$24,000
$126,856	$0	$6,300	$15,092	$4,404	$0	$25,796	$24,000	$25,796
$237,034	$0	$10,000	$28,200	$8,231	$0	$46,431	$24,000	$46,431
$882,657	$0	$10,000	$29,386	$30,652	$0	$70,038	$24,000	$70,038

pre-2017 tax law — Married Couple (no children)

Income	Medical	SALT	Mortgage Interest	Charitable	Misc	Total	Pease 3%	Standard Deduction	Deduction Taken
$61,125	$0	$2,920	$7,272	$1,170	$1,178	$12,541		$12,700	$12,541
$126,856	$0	$6,377	$15,092	$4,404	$2,226	$28,098		$12,700	$28,098
$237,034	$0	$13,110	$28,200	$8,231	$3,450	$52,990		$12,700	$52,990
$882,657	$0	$56,981	$39,181	$30,652	$7,763	$134,576	$117,511	$12,700	$117,511

2017 tax law

Income	Medical	SALT	Mortgage Interest	Charitable	Misc.	Total	Standard Deduction	Deduction Taken
$61,125	$120	$2,920	$7,272	$1,170	$0	$11,482	$24,000	$24,000
$126,856	$0	$6,449	$15,092	$4,404	$0	$25,945	$24,000	$25,945
$237,034	$0	$10,000	$28,200	$8,231	$0	$46,431	$24,000	$46,431
$882,657	$0	$10,000	$29,386	$30,652	$0	$70,038	$24,000	$70,038

Income	Personal Exemption	Business Loss adjust	Taxable Income	Tax Due	Child Tax Credit	Tax Paid	Medical Adjust	Total State Deductions	State Taxable	State Tax
$61,125	$16,200		$32,286	$4,175	$2,000	$2,175	$4,704	$28,393	$32,732	$883
$126,856	$16,200		$82,707	$14,929	$400	$14,529	$7,986	$46,985	$79,871	$2,376
$237,034	$16,200		$168,032	$37,365	$0	$37,365	$9,378	$73,230	$163,804	$5,726
$882,657	$0	$27,841	$737,505	$272,725	$0	$272,725	$18,756	$174,958	$707,699	$29,981

Income	Personal Exemption	Business Loss adjust	Taxable Income	Tax Due	Child Tax Credit	Tax Paid	Medical Adjust	Total State Deductions	State Taxable	State Tax
$61,125	$0		$37,125	$4,074	$4,000	$74	$4,584	$27,214	$33,911	$917
$126,856	$0		$101,060	$14,112	$4,000	$10,112	$7,986	$44,831	$82,025	$2,448
$237,034	$0		$190,603	$34,315	$4,000	$30,315	$9,378	$66,859	$170,175	$5,996
$882,657	$0		$812,619	$240,048	$0	$240,048	$18,756	$99,844	$782,813	$33,391

Income	Personal Exemption	Business Loss adjust	Taxable Income	Tax Due	Child Tax Credit	Tax Paid	Medical Adjust	Total State Deductions	State Taxable	State Tax
$61,125	$8,100		$40,484	$5,405	$0	$5,405	$4,704	$23,695	$37,430	$1,018
$126,856	$8,100		$90,658	$16,917	$0	$16,917	$7,986	$42,534	$84,322	$2,525
$237,034	$8,100		$175,944	$39,581	$0	$39,581	$9,378	$68,818	$168,216	$5,913
$882,657	$0	$27,841	$737,305	$272,725	$0	$272,725	$18,756	$170,558	$712,099	$30,180

Income	Personal Exemption	Business Loss adjust	Taxable Income	Tax Due	Child Tax Credit	Tax Paid	Medical Adjust	Total State Deductions	State Taxable	State Tax
$61,125	$0		$37,125	$4,074	$0	$4,074	$4,584	$22,516	$38,609	$1,052
$126,856	$0		$100,911	$14,079	$0	$14,079	$7,986	$40,380	$86,476	$2,598
$237,034	$0		$190,603	$34,315	$0	$34,315	$9,378	$62,259	$174,775	$6,191
$882,657	$0		$812,619	$240,048	$0	$240,048	$18,756	$95,244	$787,413	$33,600