

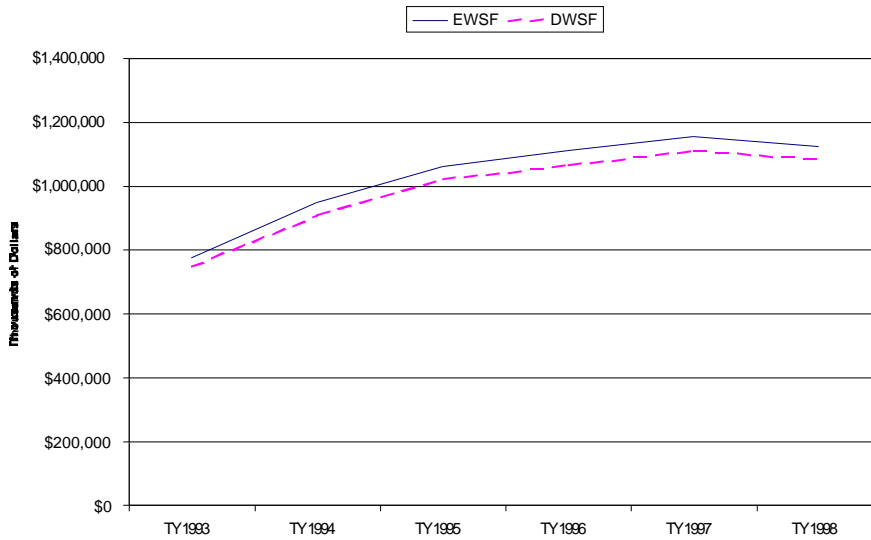
THE DOUBLE-WEIGHTED SALES FACTOR IN THE PENNSYLVANIA CORPORATE NET INCOME TAX 1993 - 1998

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Pennsylvania Dept. of Revenue
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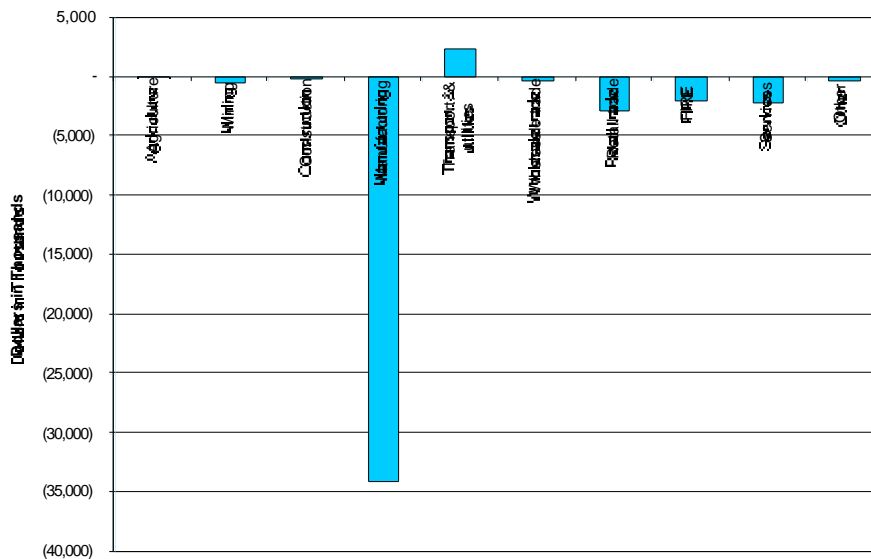


CORPORATE NET INCOME TAX POPULATION BY APPORTIONMENT TYPE						
COUNT OF ACTIVE CORPORATIONS						
	1993	1994	1995	1996	1997	1998*
THREEFACTOR	23,116	24,572	26,309	27,724	29,322	27,779
SINGLEFACTOR	2,414	2,387	2,382	2,362	2,440	2,291
NO APPORTIONMENT	95,235	97,384	98,038	97,158	95,758	89,044
<i>Excluded Types:</i>						
S-CORP	62,141	68,883	74,704	80,367	87,513	95,293
OTHER	17	31	28	29	45	38
	182,923	193,257	201,461	207,640	215,078	214,445
TOTAL CNI LIABILITIES AS REPORTED						
			(\$M)			
	1993	1994	1995	1996	1997	1998*
THREEFACTOR	\$ 775.8	\$ 950.5	\$ 1,022.1	\$ 1,065.2	\$ 1,112.7	\$ 1,085.6
SINGLEFACTOR	\$ 35.7	\$ 33.3	\$ 30.1	\$ 42.5	\$ 52.8	\$ 48.6
NO APPORTIONMENT	\$ 265.2	\$ 319.4	\$ 338.3	\$ 374.8	\$ 327.6	\$ 321.6
<i>Excluded Types:</i>						
S-CORP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.8
OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.3
	\$ 1,076.7	\$ 1,303.2	\$ 1,390.4	\$ 1,482.5	\$ 1,493.2	\$ 1,456.9
*Note: The 1998 data is incomplete as approximately 500 returns have not been received.						

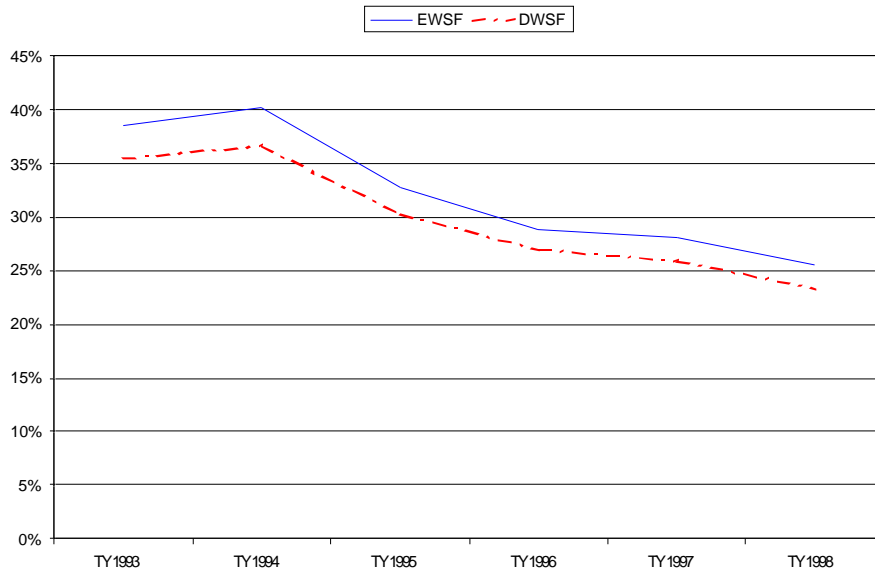
CNI TAX LIABILITIES 1993 - 1998 EWSF vs DWSF



DWSF NET TAX CHANGE BY INDUSTRY 1998



MANUFACTURING PERCENTAGE OF CNI REVENUE

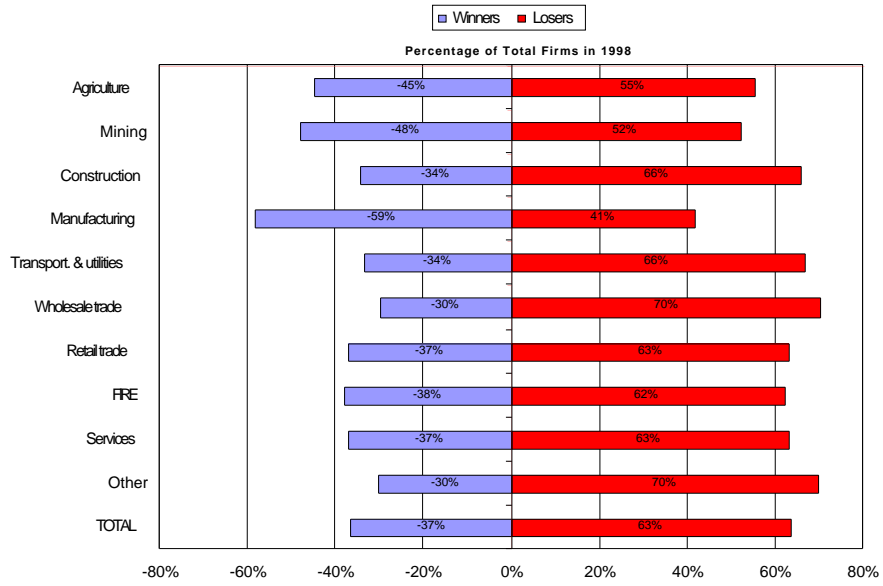


DEFINITIONS

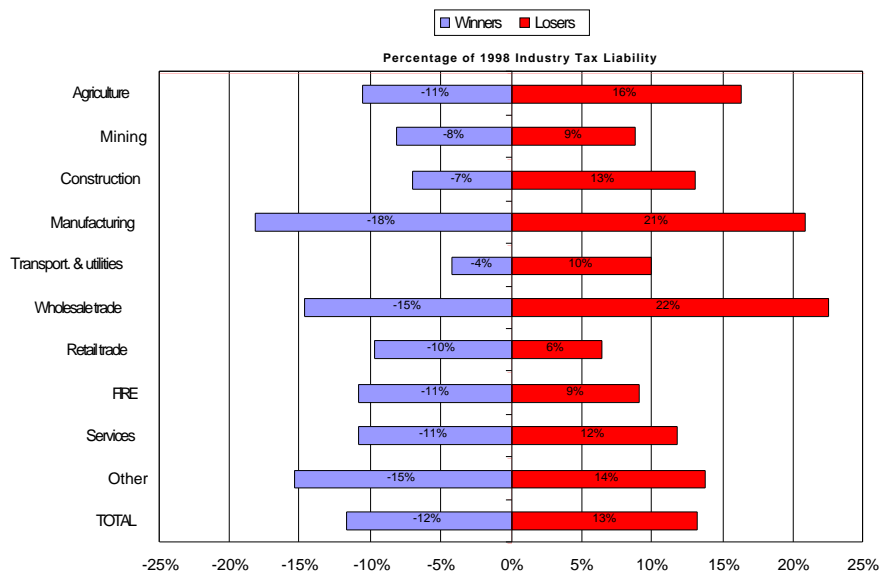
Winner: $\text{Sales factor} < (\text{Property factor} + \text{Payroll factor}) / 2$

Loser: $\text{Sales factor} \geq (\text{Property factor} + \text{Payroll factor}) / 2$

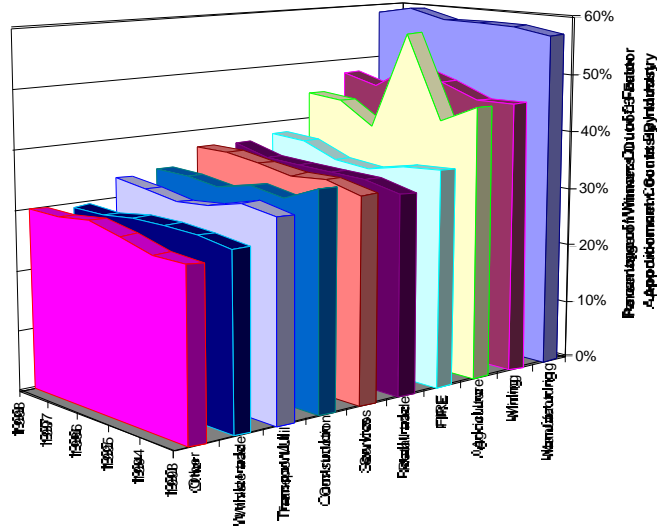
SHARE OF WINNERS AND LOSERS BY INDUSTRY



TAX CHANGE DUE TO DWSF BY INDUSTRY



TRENDS IN WINNER PERCENTAGES BY INDUSTRY



CHANGE IN APPORTIONMENT STATUS 1994 TO 1995

Settled records using 3-factor apportionment in 1994 matched to 1995 record

	WINNERS	LOSERS	TOTAL
COUNT IN 1994	9,011	15,561	24,572
	100.0%	100.0%	100.0%
CONTINUING			
WINNERS IN 1995	6,585	1,349	7,934
LOSERS IN 1995	1,276	12,044	13,320
NO APPORTIONMENT	260	433	693
OTHER	19	55	74
	8,140	13,881	22,021
	90.3%	89.2%	89.6%
DROPPED OUT			
OUT OF BUSINESS OR INACTIVE	721	1,303	2,024
S-CORP CONVERSIONS	99	219	318
SOLICITATION ONLY	4	89	93
	824	1,611	2,435
	9.1%	10.4%	9.9%
BANKRUPT OR OTHER			
	47	69	116
	0.5%	0.4%	0.5%

CHANGE IN APPORTIONMENT STATUS 1994 TO 1995						
Settled records using 3-factor apportionment in 1994 matched to 1995 record						
	WINNERS			LOSERS		
COUNT IN 1994	9,011			15,562		
CONTINUING	1994 Tax	1995 Tax	Change	1994 Tax	1995 Tax	Change
WINNERS IN 1995	524.4	474.1	-50.3	22.5	50.6	28.1
LOSERS IN 1995	72.0	35.3	-36.7	298.1	303.1	5.0
NO APPORTIONMENT	2.9	46.9	44.0	3.4	105.9	102.5
OTHER	0.0	0.0	0.0	0.3	0.8	0.4
	\$599.3	\$556.3	-\$43.0	\$324.4	\$460.5	\$136.0
DROPPED OUT						
OUT OF BUSINESS OR INACTIVE	20.0	0.0	-20.0	12.9	0.1	-12.9
S-CORP CONVERSIONS	1.5	0.0	-1.5	1.1	0.0	-1.1
SOLICITATION ONLY	0.0	0.0	0.0	2.0	0.0	-2.0
	\$21.5	\$0.0	-\$21.5	\$16.0	\$0.1	-\$16.0
BANKRUPT OR OTHER	\$0.1	\$0.0	-\$0.1	\$0.1	\$0.0	-\$0.1

CHANGE IN APPORTIONMENT STATUS 1994 TO 1997			
Settled records using 3-factor apportionment in 1994 matched to 1997 record			
	WINNERS	LOSERS	TOTAL
COUNT IN 1994	9,011	15,561	24,572
	100.0%	100.0%	100.0%
CONTINUING			
WINNERS IN 1997	4,884	1,414	6,298
LOSERS IN 1997	1,339	9,109	10,448
NO APPORTIONMENT	682	1,000	1,682
OTHER	16	42	58
	6,921	11,565	18,486
	76.8%	74.3%	75.2%
DROPPED OUT			
OUT OF BUSINESS OR INACTIVE	1,623	2,956	4,579
S-CORP CONVERSIONS	229	442	671
SOLICITATION ONLY	7	142	149
	1,859	3,540	5,399
	20.6%	22.7%	22.0%
BANKRUPT OR OTHER	231	456	687
	2.6%	2.9%	2.8%

CHANGE IN APPORTIONMENT STATUS 1994 TO 1997

Salts derived using 342 apportionment in 1994 method to 1997 record

	WINNERS			LOSERS		
COUNT IN 1994	9,011			15,561		
CONTINUING	1994 Tax	1997 Tax	Change	1994 Tax	1997 Tax	Change
WINNERS IN 1997	464.0	454.8	-9.2	39.2	50.2	11.0
LOSERS IN 1997	82.2	35.6	-46.7	253.6	285.4	31.8
NO APPORTIONMENT	7.3	184.6	177.3	5.7	273.9	268.2
OTHER	1.8	2.8	1.0	0.2	0.9	0.7
	\$555.3	\$677.7	\$122.4	\$298.7	\$610.4	\$311.7
DROPPED OUT						
OUT OF BUSINESS OR INACTIVE	55.7	0.0	-55.7	30.9	0.0	-30.9
S-CORP CONVERSIONS	5.9	0.0	-5.9	2.2	0.0	-2.2
SOLICITATION ONLY	0.2	0.0	-0.2	3.2	0.0	-3.2
	\$61.7	\$0.0	-\$61.7	\$36.3	\$0.0	-\$36.3
BANKRUPT OR OTHER						
	\$0.3	\$0.0	-\$0.3	\$0.3	\$0.0	-\$0.3