The Revenue Effects of a Single Sales Factor Apportionment Formula On the Pennsylvania Corporate Net Income Tax

Overview

Currently, corporations that use three-factor apportionment for corporate net income tax (CNIT) must weight the sales factor by 60%, the property factor by 20% and the payroll factor by 20%. This is known as the triple-weighted sales factor formula. Under a single sales factor formula (SSFF), the sales factor for these corporations is weighted 100%, and there are no property or payroll components in the apportionment formula.

Adoption of a SSFF would affect corporations differently depending on the nature of their business activity in Pennsylvania. By increasing the sales factor weight in the formula, the relative size of the sales factor compared to the other two factors can produce either tax increases or decreases. Corporations that have a larger share of their physical presence (in terms of property and payroll) in Pennsylvania compared to a relatively smaller market presence (in terms of sales) in Pennsylvania would receive a tax cut. On the other hand, corporations that have a smaller PA share of their physical presence compared to their PA share of market presence would receive a tax increase. Other characteristics (such as type of business activity and size) also play a role in determining a corporation's CNIT change under a SSFF.

More succinctly, an increased weight on the sales factor effectively rewards companies exporting products from the state, while taxing more heavily those that produce products elsewhere and sell into the state. Companies that do not sell across state boundaries, use special apportionment, or do not turn a profit in a particular year, are not affected.

Policy Discussion

The policy rationale usually given for increasing the sales factor weight is that a state will reduce tax liabilities for corporations that have made a large investment in the state (in the form of property and payroll), and removes the tax "penalty" for a corporation that locates a new plant or expands in the state. Because property and payroll are removed from the apportionment equation, the only factor determining a corporation's apportionment percentage is the location of its sales, which can be nationwide for large corporations. Under a SSFF, when a Pennsylvania corporation builds a new factory in the Commonwealth, its apportionment percentage does not increase solely due to the new facility.

Some academic studies of the effect of corporate income tax apportionment formulas have found a positive economic benefit in states adopting a higher sales factor weight. The most commonly cited studies are by Austan Goolsbee and Edward Maydew. For example, "Coveting Thy Neighbor's Manufacturing: The Dilemma of State Income Apportionment" was published in the Journal of Public Economics in May 1999. This paper examines the economic impact of state corporate income tax apportionment formulae. Using panel data from 1978-1994 on state-level employment in manufacturing and other sectors, the authors constructed an econometric model of the effect of double weighting the sales factor. The model suggested that for the average state, moving from equal-weighted sales to double-weighted sales increases manufacturing employment by more than 1%. The paper also found that any employment increases were offset by employment losses in neighboring states. The aggregate effects were close to zero.

However, the question of whether a SSFF has the intended effect in practice is subject to controversy. In particular, Michael Mazerov has criticized the method used in the Goolsbee and Maydew studies, finding that the model gives widely varying and implausible results. ("The 'Single Sales Factor' Formula for State Corporate Taxes: A Boon to Economic Development or a Costly Giveaway?" published by the Center on Budget and Policy Priorities, September 2001.) In addition, Mazerov has pointed out that if the SSFF does have an effect on corporate location decisions, it may actually have a contrary effect on companies with a marginal physical presence in a market state. This apportionment formula makes the penalty for creating nexus in a market state potentially very significant. For example, a company may be able to cut its tax burden significantly by closing a small sales office and doing business remotely to avoid nexus in a market state, thus reducing rather than attracting jobs. Finally, Mazerov cites evidence of states with heavily weighted sales factors continuing to lose manufacturing plants even after adoption of the apportionment change.

A further objection to the SSFF is the concern that it violates the benefits principle of taxation. The model UDITPA apportionment formula equally weights payroll, property and sales to determine the taxpayer's taxable presence in a state. As a result, businesses with a larger physical presence in a state pay a higher income tax that has some relationship to their greater use of the benefits provided by the state. Such benefits include, for example, educated workers, access to state courts, and police protection. Under a SSFF, the tax burden is solely related to the percentage of sales the company makes within the state. A large company that exports 100% of its sales from the state pays no income tax, despite being a significant user of state benefits.

The Department recommends that any proposal to increase the weight of the sales factor should be in conjunction with statutory changes to strengthen the definition of the sales factor. Under current law, there are significant problems associated with the definition, including the sourcing of intangibles and services. Our law has a clear market-state sourcing rule for sales of tangible personal property. However, all other sales are sourced to where the income-producing activity is performed. If income-producing activity is performed within and without Pennsylvania, these sales are only sourced to Pennsylvania when a greater proportion of income-producing activity is performed here than any other state, based on costs of performance.

This rule creates a compliance burden for taxpayers and an administrative burden for the Department. In addition, it has enabled taxpayers to constantly make claims about the proper interpretation of this rule. If a single sales factor for apportionment purposes were to be adopted, this rule may result in taxpayers paying no tax to Pennsylvania although Pennsylvania is a market state and these taxpayers have Pennsylvania property and payroll.

This report does not attempt to model taxpayer behavioral responses to SSFF. These could include a gain or loss of manufacturing facilities due to the factors noted above, an increase or decrease in jobs as noted above, and increased efforts to avoid nexus.

Revenue Effect Summary

While the SSFF causes both tax increases and tax decreases for different taxpayers, the net impact on CNIT revenues is a loss. For purposes of this analysis, a "Loser" is defined as a corporation whose apportionment would increase under SSFF, while a "Winner" will have their apportionment reduced. In addition, "Affected" corporations are those that have their apportionment changed, positively or negatively, by the adoption of a SSFF, whether or not any tax is due. "Payers" are affected corporations that have a CNIT liability. The overall revenue impact for tax year 2000 of the change from a triple-weighted sales factor to a SSFF is summarized in the table below.

Table 1

	Counts		**CNIT (Millions of Dollars)**			
	Affected	**Payers**	**Current Tax**	**Single Sales Factor Tax**	**Difference**	**Average (Dollars)**
Losers	20,366	10,434	$444.7	$576.1	$131.4	$12,595
Winners	11,644	5,514	$596.0	$401.0	($195.0)	($35,359)
Total	**32,010**	**15,948**	**$1,040.6**	**$977.1**	**($63.6)**	**($3,985)**
Unaffected Corps	90,931	28,332	$356.8	$356.8	$0.0	

The table suggests the following key points:

- 20,366 corporations have their apportionment increased because of the SSFF. Of these, 10,434 corporations that pay CNIT will pay an additional $131.4 million.
- 11,644 corporations have their apportionment reduced because of the SSFF. Of these, 5,514 corporations that pay CNIT will pay $195.0 million less than under current law.
- The SSFF creates almost twice as many losers (20,366) as winners (11,644).
- The average benefit to winners ($35,359) is almost three times as large as the average cost to the losers ($12,595).
- The remaining 90,931 corporations are not affected by the SSFF.

Revenue Estimates

Table 2 presents revenue estimates for the cost of increasing the sales factor weight at various percentages from current law (60%) to SSFF or 100%. For consistency with the other tables, the figures have not been scaled up to represent tax year 2005 estimates.

Table 2
CNIT Impact - Sales Factor Weight Changes
Tax Year 2000 Estimates

Sales Factor Weight	Estimated CNIT Revenue	Cost
60%	1,042.0	0.0
65%	1,033.3	(8.7)
70%	1,024.8	(17.2)
75%	1,016.5	(25.5)
80%	1,008.3	(33.7)
85%	1,000.3	(41.7)
90%	992.5	(49.5)
95%	985.2	(56.8)
100%	978.4	(63.6)

Note:
Figures in millions of dollars.

Detailed Analysis

The following tables provide additional data on the effects of SSFF by Standard Industrial Classification (SIC) code, size (measured by capital stock value), physical presence (defined as the average of property and payroll factors), and by Pennsylvania payroll. On the tables, the following terms are used:

- Winners and Losers – whether corporations are affected positively or negatively by the switch to a SSFF.
- Counts – the Affected count shows the number of corporations that have their apportionment changed, positively or negatively, by the SSFF, whether or not any tax is due. The Payers count shows the number of affected corporations that have a CNIT liability.
- CNIT – these amounts show the CNIT that would have been paid in tax year 2000 under the current triple-weighted sales factor compared to the tax under a SSFF.
- Average – this amount shows the average benefit/cost for each payer in the group.
- Count Percentages – these percentages show the breakdown between Winners and Losers for all affected corporations.
- Physical Presence – the average of a corporation's property and payroll percentages.

The following sections explain the tables in more detail and highlight several key points in each of the sections.

Single Sales Factor Impact by Standard Industrial Classification (SIC) Code

Table 3 Key Points

The group that has the largest tax decrease from the adoption of SSFF is manufacturing. In the manufacturing sector, there are 1,647 Winners (817 of whom pay CNIT) that have their CNIT decreased by a total of $90.0 million, for an average benefit of $110,134 per corporation.

The manufacturing sector also experiences one of the largest tax increases. In the manufacturing sector, there are 1,151 Losers (514 of whom pay CNIT). Their CNIT increases by a total of $29.6 million, for an average cost of $57,583 per corporation.

All other industries in the SIC breakdown show a net impact that is within ± $5 million. In these industries, the SSFF redistributes CNIT liabilities among taxpayers, but has a relatively small net impact for the industries in the aggregate.

In general, manufacturers have both the largest costs and the largest benefits of any group, the highest percentage of winners (59%) of any SIC group, and receive 95% of the benefit of a SSFF even though they pay only 21% of the affected CNIT. This can be explained by the relationship between the sales factor and the property and payroll factors for typical manufacturers. It would not be unusual for a manufacturing facility to have one or a small number of plants, while serving markets in many remote locations, perhaps nationwide or worldwide.

In other industry groups, the relationship between physical presence percentage and sales percentage are generally closer, because they are more likely to serve local markets. In other words, while there are both winners and losers in non-manufacturing groups, the tax changes tend to be smaller and more likely to net out to a smaller total tax change for the group.

Table 3
Single Sales Factor Impact by SIC
Tax Year 2000

Losers

SIC	Class	Counts: Affected	Counts: Payers	CNIT ($ Millions): Current	CNIT ($ Millions): SSF	CNIT ($ Millions): Difference	Average (Dollars)
0000-0999	Agriculture, Forestry, and Fishing	59	31	0.1	0.1	0.0	1,016
1000-1499	Mining	89	36	2.1	2.9	0.8	22,371
1500-1999	Construction	1,545	969	6.4	7.8	1.4	1,434
2000-3999	Manufacturing	1,151	514	67.5	97.1	29.6	57,583
4000-4999	Transportation, Communications, Utilities	950	438	95.1	112.8	17.7	40,418
5000-5199	Wholesale Trade	3,982	2,145	76.2	106.1	29.8	13,901
5200-5999	Retail Trade	1,381	704	42.6	53.1	10.5	14,954
6000-6999	Finance, Insurance, Real Estate	1,291	667	46.4	57.3	10.9	16,357
7000-8999	Services	5,429	2,596	58.2	73.8	15.6	6,002
9000-9999	Miscellaneous	4,489	2,334	50.0	65.1	15.1	6,451
	Totals	**20,366**	**10,434**	**444.7**	**576.1**	**131.4**	**12,596**

Winners

SIC	Class	Counts: Affected	Counts: Payers	CNIT ($ Millions): Current	CNIT ($ Millions): SSF	CNIT ($ Millions): Difference	Average (Dollars)
0000-0999	Agriculture, Forestry, and Fishing	59	30	1.2	1.1	(0.1)	(2,481)
1000-1499	Mining	86	32	7.1	4.9	(2.2)	(69,119)
1500-1999	Construction	840	460	10.1	8.3	(1.9)	(4,045)
2000-3999	Manufacturing	1,647	817	150.6	60.7	(90.0)	(110,134)
4000-4999	Transportation, Communications, Utilities	482	205	185.8	162.6	(23.2)	(113,171)
5000-5199	Wholesale Trade	1,628	851	55.0	27.9	(27.0)	(31,749)
5200-5999	Retail Trade	815	356	48.9	37.0	(11.9)	(33,409)
6000-6999	Finance, Insurance, Real Estate	831	380	37.4	29.5	(8.0)	(20,966)
7000-8999	Services	3,409	1,503	67.5	48.6	(18.9)	(12,573)
9000-9999	Miscellaneous	1,847	880	32.4	20.5	(11.9)	(13,488)
	Totals	**11,644**	**5,514**	**596.0**	**401.0**	**(195.0)**	**(35,359)**

Totals

SIC	Class	Counts: Affected	Counts: Payers	CNIT ($ Millions): Current	CNIT ($ Millions): SSF	CNIT ($ Millions): Difference	Average (Dollars)
0000-0999	Agriculture, Forestry, and Fishing	118	61	1.3	1.3	(0.0)	(704)
1000-1499	Mining	175	68	9.2	7.8	(1.4)	(20,683)
1500-1999	Construction	2,385	1,429	16.5	16.1	(0.5)	(330)
2000-3999	Manufacturing	2,798	1,331	218.2	157.8	(60.4)	(45,366)
4000-4999	Transportation, Communications, Utilities	1,432	643	280.9	275.4	(5.5)	(8,549)
5000-5199	Wholesale Trade	5,610	2,996	131.2	134.0	2.8	935
5200-5999	Retail Trade	2,196	1,060	91.4	90.1	(1.4)	(1,289)
6000-6999	Finance, Insurance, Real Estate	2,122	1,047	83.8	86.8	2.9	2,811
7000-8999	Services	8,838	4,099	125.7	122.4	(3.3)	(809)
9000-9999	Miscellaneous	6,336	3,214	82.4	85.5	3.2	991
	Totals	**32,010**	**15,948**	**1,040.6**	**977.1**	**(63.6)**	**(3,985)**

Other Information

SIC	Class	Affected Count Breakdown: Losers	Affected Count Breakdown: Winners	Unaffected Corporations: Count	Unaffected Corporations: CNIT ($ Millions)
0000-0999	Agriculture, Forestry, and Fishing	50%	50%	1,238	1.7
1000-1499	Mining	51%	49%	656	4.8
1500-1999	Construction	65%	35%	7,684	10.6
2000-3999	Manufacturing	41%	59%	6,526	34.1
4000-4999	Transportation, Communications, Utilities	66%	34%	5,893	122.3
5000-5199	Wholesale Trade	71%	29%	6,238	17.3
5200-5999	Retail Trade	63%	37%	15,588	37.8
6000-6999	Finance, Insurance, Real Estate	61%	39%	13,581	41.4
7000-8999	Services	61%	39%	29,465	72.9
9000-9999	Miscellaneous	71%	29%	4,062	13.9
	Totals	**64%**	**36%**	**90,931**	**356.8**

Notes:

Affected corporations are defined as those that experience a change in apportionment due to switching to a single sales factor.

Average is calculated by dividing the CNIT difference by the number of payers.

Unaffected corporations are those that are 100% apportioned to Pennsylvania or use special factor apportionment.

Single Sales Factor Impact by Capital Stock Value

Table 4 Key Points

The vast majority of the tax reduction from the change to a SSFF benefits corporations that have a capital stock value greater than $10 million. These corporations also pay the vast majority of the tax affected by this change (91%).

In all size categories, the percentage of losers is between 62-65%. In general, the larger the corporation (in terms of capital stock value), the larger the impact from a SSFF will be, for both Winners and Losers.

Large corporations that do business in every state are more likely to have a gap between their physical presence percentage and their sales percentage. For this reason, they are more likely to have large CNIT changes when the sales factor weighting of their apportionment percentage changes.

Table 4
Single Sales Factor Impact by Capital Stock Value
Tax Year 2000

Losers

	Counts		CNIT (Millions)			
SVAL Class	**Affected**	**Payers**	**Current**	**SSF**	**Difference**	**Average (Dollars)**
$0	5,157	1,354	5.9	7.4	1.5	1,121
$1-$1,000,000	4,376	2,637	4.7	6.3	1.6	613
$1,000,001-$10,000,000	5,089	3,102	25.0	32.0	7.0	2,252
$10,000,001-$100,000,000	4,069	2,416	100.2	127.9	27.7	11,449
Greater then $100,000,000	1,675	925	308.9	402.5	93.6	101,222
Totals	**20,366**	**10,434**	**444.7**	**576.1**	**131.4**	**12,594**

Winners

	Counts		CNIT (Millions)			
SVAL Class	**Affected**	**Payers**	**Current**	**SSF**	**Difference**	**Average (Dollars)**
$0	3,077	720	5.9	4.2	(1.7)	(2,387)
$1-$1,000,000	2,500	1,425	8.0	6.3	(1.7)	(1,165)
$1,000,001-$10,000,000	2,847	1,608	40.1	24.6	(15.4)	(9,605)
$10,000,001-$100,000,000	2,185	1,235	131.6	75.9	(55.7)	(45,104)
Greater then $100,000,000	1,035	526	410.5	290.0	(120.4)	(228,973)
Totals	**11,644**	**5,514**	**596.0**	**401.0**	**(195.0)**	**(35,359)**

Total

	Counts		CNIT (Millions)			
SVAL Class	**Affected**	**Payers**	**Current**	**SSF**	**Difference**	**Average (Dollars)**
$0	8,234	2,074	11.8	11.6	(0.2)	(96)
$1-$1,000,000	6,876	4,062	12.6	12.6	(0.0)	(10)
$1,000,001-$10,000,000	7,936	4,710	65.1	56.6	(8.5)	(1,796)
$10,000,001-$100,000,000	6,254	3,651	231.8	203.8	(28.0)	(7,680)
Greater then $100,000,000	2,710	1,451	719.3	692.5	(26.8)	(18,477)
Totals	**32,010**	**15,948**	**1,040.6**	**977.1**	**(63.6)**	**(3,985)**

Other Information

	Affected Count Breakdown		Unaffected Corporations	
SVAL Class	**Losers**	**Winners**	**Count**	**CNIT ($ Millions)**
$0	63%	37%	66,646	19.4
$1-$1,000,000	64%	36%	4,396	79.2
$1,000,001-$10,000,000	64%	36%	17,569	57.3
$10,000,001-$100,000,000	65%	35%	1,755	80.3
Greater then $100,000,000	62%	38%	565	120.8
Totals	**64%**	**36%**	**90,931**	**356.8**

Notes:

Affected corporations are defined as those that experience a change in apportionment due to switching to a single sales factor.

Average is calculated by dividing the CNIT difference by the number of payers.

Unaffected corporations are those that are 100% apportioned to Pennsylvania or use special factor apportionment.

Single Sales Factor Impact by Physical Presence

Table 5 Key Points

Table 5 attempts to distinguish between 100% Pennsylvania, regional, and national corporations based on the physical presence percentage, defined as the average of the property and payroll factors.

Corporations that have a physical presence percentage between 0% and 4% have the largest tax increase under the SSFF, with a total CNIT increase of $108.2 million. These corporations have very little of their property and payroll in Pennsylvania. Therefore, corporations in the 0-4% category can be thought of as national corporations primarily engaged in shipping products into Pennsylvania. Among the Winners, the benefit is more evenly distributed across the physical presence categories.

The only group that has a net total tax increase associated with adoption of SSFF is the 0-4% group, with a net increase of $92.9 million. Because these corporations have a relatively small presence in Pennsylvania, it is possible that they would be able to restructure to avoid the tax increase caused by SSFF.

All other groups receive a net benefit from the change, with the largest tax reduction in the 75%-<100% group. However, it should be noted that 18% of these corporations would pay more due to the SSFF.

Adoption of a SSFF does not affect 100% Pennsylvania corporations. Because the net impact of a SSFF is a revenue loss, this means that these corporations will now bear a higher percentage of the total CNIT.

Table 5
Single Sales Factor Impact by Physical Presence
Tax Year 2000

Losers

	Counts		CNIT (Millions)			
Physical Presence	Affected	Payers	Current	SSF	Difference	Average (Dollars)
0% - 4%	16,021	8,352	254.7	362.9	108.2	12,959
>4% - 10%	1,768	891	44.2	50.4	6.2	6,963
>10% - 25%	1,054	549	29.6	35.5	5.9	10,739
>25% - 50%	760	346	27.2	32.8	5.6	16,245
>50% - 75%	293	105	35.1	39.9	4.7	45,162
>75% - <100%	470	191	53.9	54.6	0.7	3,780
Totals	**20,366**	**10,434**	**444.7**	**576.1**	**131.4**	**12,595**

Winners

	Counts		CNIT (Millions)			
Physical Presence	Affected	Payers	Current	SSF	Difference	Average (Dollars)
0% - 4%	3,593	1,559	43.3	27.9	(15.4)	(9,852)
>4% - 10%	1,484	724	59.9	44.7	(15.2)	(21,020)
>10% - 25%	1,294	607	67.9	36.0	(31.9)	(52,633)
>25% - 50%	1,112	493	63.9	29.6	(34.3)	(69,593)
>50% - 75%	902	410	60.1	28.3	(31.9)	(77,684)
>75% - <100%	2,113	1,116	279.2	217.2	(61.9)	(55,493)
100%	1,146	605	21.7	17.3	(4.4)	(7,207)
Totals	**11,644**	**5,514**	**596.0**	**401.0**	**(195.0)**	**(35,360)**

Total

	Counts		CNIT (Millions)			
Physical Presence	Affected	Payers	Current	SSF	Difference	Average (Dollars)
0% - 4%	19,614	9,911	297.9	390.8	92.9	9,371
>4% - 10%	3,252	1,615	104.1	95.1	(9.0)	(5,581)
>10% - 25%	2,348	1,156	97.5	71.4	(26.1)	(22,537)
>25% - 50%	1,872	839	91.1	62.5	(28.7)	(34,194)
>50% - 75%	1,195	515	95.2	68.1	(27.1)	(52,638)
>75% - <100%	2,583	1,307	333.1	271.9	(61.2)	(46,831)
100%	1,146	605	21.7	17.3	(4.4)	(7,207)
Totals	**32,010**	**15,948**	**1,040.6**	**977.1**	**(63.6)**	**(3,985)**

Other Information

	Affected Count Breakdown		Unaffected Corporations	
Physical Presence	Losers	Winners	Count	CNIT ($ Millions)
0% - 4%	82%	18%	8,528	10.1
>4% - 10%	54%	46%	612	12.4
>10% - 25%	45%	55%	399	13.7
>25% - 50%	41%	59%	171	13.3
>50% - 75%	25%	75%	94	4.1
>75% - <100%	18%	82%	43	0.5
100%	0%	100%	81,084	302.8
Totals	**64%**	**36%**	**90,931**	**356.8**

Note:

Physical Presence is the average of the property factor and payroll factor for those corporation that use three-factor apportionment. For the unaffected corporations, physical presence is either 100% for corporations that do not apportion or the special factor ratio for those that use special factor apportionment.

Affected corporations are defined as those that experience a change in apportionment due to switching to a single sales factor.

Average is calculated by dividing the CNIT difference by the number of payers.

Unaffected corporations are those that are 100% apportioned to Pennsylvania or use special factor apportionment.

Single Sales Factor Impact by Pennsylvania Payroll

Table 6 Key Points

In general, as the level of Pennsylvania payroll increases, so does the benefit received from the switch to a SSFF.

There are 37 corporations that have more than $50 million in Pennsylvania payroll that would receive a tax increase, and would owe $2.4 million more in CNIT. As Pennsylvania payroll increases, the dollar impact from a SSFF decreases for the payroll class as a whole.

In contrast, there are 154 corporations that have more than $50 million in Pennsylvania payroll that will benefit by an aggregate tax reduction of $59.0 million (more than $1.0 million per CNIT payer).

Of all corporations that have more than $50 million in Pennsylvania payroll, 19% will receive a tax increase from the SSFF.

Table 6
Single Sales Factor Impact by PA Payroll
Tax Year 2000

Losers

	Counts		CNIT (Millions)			
PA Payroll Class	**Affected**	**Payers**	**Current**	**SSF**	**Difference**	**Average (Dollars)**
$0	9,050	4,802	83.8	119.1	35.3	7,349
$1-$1,000,000	9,264	4,696	87.0	122.5	35.5	7,556
$1,000,001-$10,000,000	1,746	797	142.5	184.3	41.8	52,497
$10,000,001-$50,000,000	269	122	118.3	134.7	16.4	134,590
Greater than $50,000,000	37	17	13.1	15.5	2.4	139,842
	20,366	**10,434**	**444.7**	**576.1**	**131.4**	**12,594**

Winners

	Counts		CNIT (Millions)			
PA Payroll Class	**Affected**	**Payers**	**Current**	**SSF**	**Difference**	**Average (Dollars)**
$0	1,350	530	12.4	6.4	(6.0)	(11,312)
$1-$1,000,000	6,410	3,064	28.7	16.5	(12.3)	(4,006)
$1,000,001-$10,000,000	3,030	1,537	130.1	73.1	(57.0)	(37,083)
$10,000,001-$50,000,000	700	326	175.3	114.6	(60.7)	(186,319)
Greater than $50,000,000	154	57	249.4	190.5	(59.0)	(1,034,386)
	11,644	**5,514**	**596.0**	**401.0**	**(195.0)**	**(35,358)**

Totals

	Counts		CNIT (Millions)			
PA Payroll Class	**Affected**	**Payers**	**Current**	**SSF**	**Difference**	**Average (Dollars)**
$0	10,400	5,332	96.2	125.5	29.3	5,494
$1-$1,000,000	15,674	7,760	115.8	139.0	23.2	2,991
$1,000,001-$10,000,000	4,776	2,334	272.5	257.4	(15.2)	(6,494)
$10,000,001-$50,000,000	969	448	293.6	249.3	(44.3)	(98,929)
Greater than $50,000,000	191	74	262.5	205.9	(56.6)	(764,631)
	32,010	**15,948**	**1040.6**	**977.1**	**(63.6)**	**(3,985)**

	Affected	
PA Payroll Class	**Losers**	**Winners**
$0	87%	13%
$1-$1,000,000	59%	41%
$1,000,001-$10,000,000	37%	63%
$10,000,001-$50,000,000	28%	72%
Greater than $50,000,000	19%	81%

Notes:

Affected corporations are defined as those that experience a change in apportionment due to switching to a single sales factor.

Average is calculated by dividing the CNIT difference by the number of payers.