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STRAYHORN UNVEILS NEW TAX CALCULATOR TO HELP BUSINESS OWNERS ESTIMATE HIGHER TAXES UNDER PERRY

(AUSTIN) – Texas Comptroller Carole Keeton Strayhorn today unveiled a tax calculator on her web site that will allow Texans who are in business to estimate how much more in taxes they will pay to the state under Gov. Rick Perry’s business tax increase.

“I urge every businessman and businesswoman to use this useful tool to estimate their potential franchise tax liability the Governor has signed into law,” Strayhorn said. “Businesses will have to pay the tax in May of 2008, but under Gov. Perry’s plan, for some, the tax began June 1, 2006.

“More than 200,000 Texas businesses that currently do not pay taxes will have to pay or file taxes under the new law. Texans need to know now how much they will be paying and begin preparing today by setting aside dollars for the new tax,” she said.

The new Franchise Tax Calculator is an easy way to give businesses an idea of what their franchise tax liability will be – especially those businesses that are not familiar with this new margin tax concept.

The tax calculator takes basic information provided by the businesses and automatically calculates the estimated tax. Results will vary from industry to industry and businesses within the same industry depending on specific financial data.

“The new tax calculator, available today at the Comptroller’s web site, www.window.state.tx.us, is a way all businesses affected by Perry’s Tax Plan can get accurate and confidential estimates of their taxes, and better plan for the future,” she said.

For example, a small manufacturer that had gross revenue of \$10 million last year will see a 50 percent increase in taxes, from \$21,400 under the old franchise tax to \$32,000 a year under the new Perry tax plan.

A convenience store that had \$10 million in gross revenue last year will see a 207 percent increase in taxes, from \$3,740 under the old franchise tax to \$11,500 a year under the new Perry tax plan.

A dry cleaner, considered part of the service industry and not subject to the old franchise tax, with \$1 million in gross revenue last year paid no taxes, will now pay \$6,120 a year under the new Perry tax plan.

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“Gov. Perry’s tax plan is a massive increase in business taxes that will increase the state’s budget by \$6 billion a year, and includes an unconstitutional income tax on partnerships and unincorporated associations,” Strayhorn said. “It leaves a \$23 billion hot check, increases the number of businesses that will have to pay or file taxes by 200,000, increases business taxes by 200 percent, and gives the average homeowner a \$52 property tax cut in school taxes only, this year, with most of our senior citizens and Texans with disabilities receiving no property tax cut at all.”

Comptroller Strayhorn sent a letter to Gov. Perry on May 2, in which she stated: “First and foremost, the Bill will require 200,000 businesses that currently do not pay taxes to either file or pay taxes. Most of that astounding number of Texans will not realize they are in this group of new taxpayers until they are told before the tax is due in May, 2008.

“Among others, this group includes dry cleaners, lawn services, barbers, beauty shops, janitorial services and doctors,” she wrote.

“To use the tax calculator, a business owner will have to know their annual business gross revenue and the cost of doing business in either cost of goods purchased for resale or payroll,” she said.