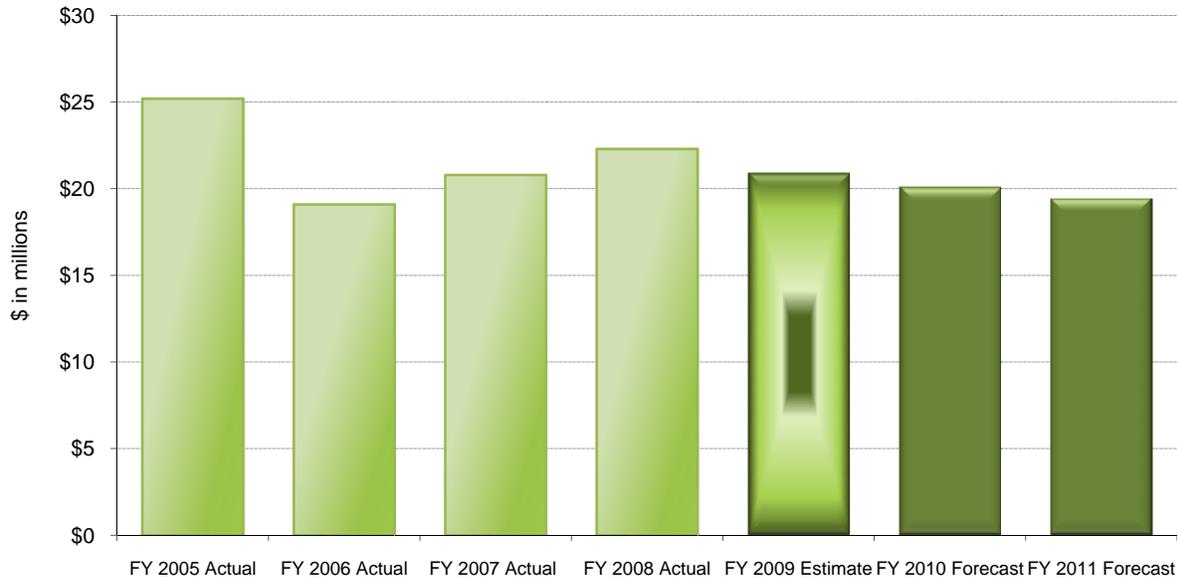


## Dealers in Intangibles Tax

**GRF Revenues from the Dealers in Intangibles Tax**  
(in millions)



	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
Revenue	\$25.2	\$19.1	\$20.8	\$22.3	\$20.9	\$19.7	\$19.0
Growth	-15.7%	-24.2%	8.9%	7.2%	-6.3%	-5.7%	-3.6%

The business and property tax, which is also known as the dealers in intangibles tax, is imposed on businesses (excluding financial institutions and insurance companies) engaged in lending money; buying and selling notes, mortgages, and other evidences of indebtedness; and firms buying and selling securities. The tax rate is 8 mills on the value of shares or capital employed by the dealers. All taxes paid by "qualifying dealers" are credited to the GRF. A "qualifying" dealer is a dealer that is a member of a "controlled group" of which a financial institution or insurance company is also a member. The distribution of receipts from this tax depends on the type of taxpayer. For "nonqualifying" dealers, 3 mills are deposited in the GRF. The remainder, 5 mills, is distributed to the counties.

Tax policy changes and behavioral responses by taxpayers have been the main cause of significant revenue fluctuations for this tax over the years. The forecast for FY 2010 and FY 2011 is based on trend analysis of the contribution to GRF revenues by qualifying and nonqualifying dealers in the last few fiscal years. Revenues from nonqualifying dealers are expected to grow modestly. Revenues from qualifying dealers are expected to decline. They are more volatile because they are highly dependent on investments by financial companies in their subsidiary dealers. Business

reorganizations, mergers, acquisitions, and tax planning strategies also affect the tax. The ongoing crisis in the financial industry and its impact on the balance sheet of dealers in intangibles creates a substantial risk to the forecast.