

TABLE 3
Bank and Corporation Tax
SYNOPSIS OF TAX RATES
1929 - 1993

Type	Income Year (Calendar Year Basis)															
	1929-32	1933-34	1935-36a	1937-42	1943-49b	1950-58	1959-66c	1967-71d	1972e	1973f	1974-79e	1980-81f	1982-86	1987-88g	1989g	1990-93g
I. General Corporations																
a. Tax Rate	2.0%	2.0%	4.0%	4.0%	3.4%	4.0%	5.5%	7.0%	7.6%	8.3%	9.0%	9.6%	9.6%	9.3%	9.3%	9.3%
b. Minimum Franchise Tax*	\$25	\$25	\$25	\$25	\$25	\$25	\$100	\$100	\$200	\$200	\$200	\$200	\$200	\$300	\$600	\$800
c. Alternative Minimum Tax+	-	-	-	-	-	-	-	-	-	-	-	-	-	7.0%	7.0%	7.0%
II. Banks																
a. General Franchise Tax Rate	2.0%	2.0%	4.0%	4.0%	3.4%	4.0%	5.5%	7.0%	7.6%	8.3%	9.0%	9.6%	9.6%	9.3%	9.3%	9.3%
b. Add-on, In-lieu Rate	-	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	h	2.0% ⁱ	h	h	h	h
c. Composite Rate	2.0%	6.0%	8.0%	8.0%	7.4%	8.0%	11.0%	11.0%	11.6%	12.3%	h	11.6%	h	h	h	h
d. Minimum Franchise Tax Rate*	-	-	-	-	-	-	-	-	-	-	-	\$200	\$200	\$300	\$600	\$800
e. Alternative Minimum Tax+	-	-	-	-	-	-	-	-	-	-	-	-	-	7.0%	7.0%	7.0%
III. Other Financial Corporations																
a. General Franchise Tax Rate	2.0%	2.0%	4.0%	4.0%	3.4%	4.0%	5.5%	7.0%	7.6%	8.3%	9.0%	9.6%	9.6%	9.3%	9.3%	9.3%
b. Add-on, In-lieu Rate	-	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	h	2.0% ⁱ	h	h	h	h
c. Composite Rate	2.0%	6.0%	8.0%	8.0%	7.4%	8.0%	9.5%	11.0%	11.6%	12.3%	h	11.6%	h	h	h	h
d. Financial Offset ^E	-	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
e. Minimum Franchise Tax*	\$25	\$25	\$25	\$25	\$25	\$25	\$100	\$100	\$200	\$200	\$200	\$200	\$200	\$300	\$600	\$800
f. Alternative Minimum Tax+	-	-	-	-	-	-	-	-	-	-	-	-	-	7.0%	7.0%	7.0%
IV. Corporations Subject to Income Tax																
a. Tax Rate *	-	-	-	4.0%	3.4%	4.0%	5.5%	7.0%	7.6%	8.3%	9.0%	9.6%	9.6%	9.3%	9.3%	9.3%
b. Alternative Minimum Tax+	-	-	-	-	-	-	-	-	-	-	-	-	-	7.0%	7.0%	7.0%

- a In 1936, the bank and corporation franchise tax was extended to public utilities, which previously had not been taxed on gross receipts.
- b Temporary provisions enacted during World War II reduced the franchise tax rate by 15%. This temporary reduction which commenced with December 31, 1943 income year returns, was renewed in 1945, 1947, and 1948, but was allowed to lapse in 1949 with income years ending on or before November 20, 1949.
- c The tax rate increase was effective for income earned on or after January 1, 1959. The minimum franchise tax was increased to \$100 and subsequently reduced to \$25 for credit unions with \$20,000 or less gross income and gold mining companies inactive since 1950.
- d The tax rate increase was effective for income earned on or after January 1, 1967.
- e The tax rate increase was effective for income years ending after December 31, 1971. The minimum tax increased from \$100 to \$200 (Stats. 1971, [First Extraordinary Session], Ch. 1).
- f The general corporation tax rate was increased from 7.6% on July 1, 1973, to reach the full 9%, on a monthly prorated basis with income years ending June 30, 1974, and thereafter. For 1973 calendar year corporations, the general tax rate was 8.3% and the bank and financial tax rate was 12.3% (Stats. 1972, Ch. 1406). The general tax rate was increased from 9% to 9.6% on January 1, 1980, to reach the full 9.6% on a monthly prorated basis with income years ending December 31, 1980, and thereafter (Stats. 1979, Ch. 1150).
- g The tax rate was decreased from 9.6% to 9.3% operative for income years beginning on or after January 1, 1987. The minimum franchise tax was increased from \$200 to \$300 for income years beginning after December 31, 1986, to \$600 for income years beginning after December 31, 1988, and to \$800 for income years beginning after December 31, 1989 (SB 572, Stats., 1987, Ch. 1139). For income years beginning on or after January 1, 1990, credit unions were no longer required to pay minimum tax (SB 748, Stats. 1989, Ch. 1222).
- h Computed in-lieu rate dropped below the maximum 4 percent for these years: 1974=3.707%, 1975=3.978%, 1976=3.772%, 1977=3.425%, 1978=2.730%, 1979=1.633%, 1982=1.307%, 1983=1.307%, 1984=1.330%, 1985=1.220%, 1986=1.458%, 1987=1.344%, 1988=1.368%, 1989,1990, and 1991=1.441%, 1992=1.707%, and 1993=1.807%.
- i The in-lieu rate was set statutorily at 2 percent for income years ending in 1980 and 1981 (Stats. 1979, Ch. 1150).
- * The minimum franchise tax does not apply to corporations subject to the income tax rather than the franchise tax. Banks were exempted from the minimum franchise tax until 1980.
- + Replaced the preference tax with an alternative minimum tax effective for income years beginning on or after January 1, 1987 (Stats. 1987, Ch. 1139).
- ⊕ Since nonbank financials, such as savings and loan associations, pay local taxes and fees from which banks are exempted, they are entitled to offset their state tax by the amount of these local levies as long as the effective net tax rate does not drop below the general corporation tax rate. Beginning in 1981, however, these nonbank financials received the same protection from local levies as banks, which eliminated their offset (Stats. 1979, Ch. 1150).