LEGISLATIVE COUNCIL

REPORT TO THE

COLORADO GENERAL ASSEMBLY

COLORADO TAX STRUCTURE

THE INCOME TAX

SELECTED PROBLEMS

PART I

RESEARCH PUBLICATION NO. 9-2

1955

LEGISLATIVE COUNCIL

OF THE

COLORADO GENERAL ASSEMBLY

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The Legislative Council, which is composed of five Senators, six Representatives, and the presiding officers of the two houses, serves as a continuing research agency for the legislature through the maintenance of a trained staff. Between sessions, research activities are concentrated on the study of relatively broad problems formally proposed by legislators, and the publication and distribution of factual reports to aid in their solution. During the sessions, the emphasis is on supplying legislators on individual request with personal memoranda providing them with information needed to handle their own legislative problems. Reports and memoranda both give pertinent data in form of facts, figures, arguments, and alternatives, without these involving definite recommendations for action. Fixing upon definite policies, however, is facilitated by the facts provided and the form in which they are presented.

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FOREWORD

This study of selected state income tax problems was undertaken by the Legislative Council under the terms of House Joint Resolution No. 20 (Wade and Markley), passed at the First Regular Session of the 40th General Assembly. This resolution directed the Council to

> "(a) present a reasonable number of alternative schedules of statutory income tax rates which would produce, with consideration for various exemption and deduction provisions, approximately the same gross revenue to the state government as was produced by income tax rates in effect during 1954 and 1955 and which statutory rates would be reasonably competitive with other western states; and (b)present and discuss the feasibility of possibilities for simplifying the state income tax laws by relating them to federal income tax laws and returns, with specific reference to producing for the state government approximately the same gross revenue as was produced in 1954 and 1955."

The Legislative Council, at its regular quarterly meeting on April 22, 1955, appointed a committee to conduct the study, consisting of:

Senators	Representatives
Ray B. Danks, Chairman	David J. Clarke
Sam T. Taylor	Blanche Cowperthwaite
Ernest Weinland	Ferd S. Markley
	Oakley Wade

Harry S. Allen, Senior Research Analyst of the Legislative Council, was assigned the primary responsibility for the conduct of the staff work for this study.

At its initial meeting, the committee reviewed the exhaustive historical and comparative analysis of the Colorado Income Tax (Research Publication No. 9), which Dr. Earl Crockett completed for the Council in 1954. The committee then determined that its studies would deal first with the problem of simplification of the

income tax return preparation by providing a tie-in with the Federal Internal Revenue Code, and then, following completion of this part of the study, the rate schedules and exemptions would be examined. To-date, the study has been limited principally to an intensive review of the problems relating to the tie-in with the federal income tax provisions. Therefore, it is suggested that the General Assembly direct the committee to continue its studies on Colorado income taxation and report on the matter of possible rate revisions to the 1957 session of the General Assembly.

The committee conducted a series of hearings on the subject of the survey. Among those who testified were Mr. William B. Paul, Chairman of the Taxation Committee of the Colorado Society of Certified Public Accountants; Mr. John F. Healy, Jr., Deputy Director, Colorado Department of Revenue; Professor Jerome Kesselmann, Accounting Department, University of Denver; Mr. R.E.Olson and Mr. Robert Lattimore, of the accounting firm of Ernst and Ernst. The committee also wishes to acknowledge the assistance of Professor Al Menard of the University of Colorado Law School in preparing a legal analysis of the constitutional problems involved in correlating the federal and state income tax laws and Attorney General Duke Dunbar for his cooperation and legal opinions. The invaluable assistance of these men is gratefully acknowledged. Much of the detail in this report could not have been presented without their help.

The study is presented in two parts. Part I is for general distribution and consists of a non-technical summary of the research

material. Part II, copies of which are available upon request for those who wish to study the question more intensively, contains the detailed and technical analysis of the problems. The material is handled in "topic form", rather than as a narrative text. Each topic is a self-contained presentation of the facts relating to that particular subject. The topics are:

The Surtax
The Withholding Provision
Comparison of the Colorado Income Tax Law with the Federal Income Tax Law.
Constitutional Problems Involved in Basing the Colorado Income Tax Law on the Federal Income Tax Statute and Returns
Optional Filing of Income Tax Based on Federal Net Taxable Income

HIGHLIGHTS

TOPIC I

THE SURTAX

The committee investigated the surtax on income received from intangibles as one possible simplification of the Colorado income tax. This tax was discussed from a historical standpoint in the 1954 Legislative Council study of income tax (Research Publication 9), and that study noted that further investigation should be made into the surtax. Accordingly, an intensive statistical study of the tax was made, to determine its impact upon various income brackets, the effect of eliminating the surtax in each adjusted gross income bracket, and the extent to which the tax worked a hardship on small taxpayers whose income is mostly derived from surtaxable sources. On the basis of the staff analysis of this matter, the committee concluded that (1) the surtax should remain unchanged, and (2) the surtax offers a better method of taxing intangibles than an ad-valorem tax.

A further question on the surtax centered on the ability of partnerships having surtaxable income to deduct their business expenses prior to distributing the income to each of the partners, whereas an individual having surtaxable income must pay the surtax on the gross income prior to business deductions. This is true even though the entire business may involve income from surtaxable sources. In discussing this problem, the committee determined that this is a legal question which has been reviewed by the Colorado courts, and it has been determined repeatedly that the partnership laws, which allow the deduction of all business

expenses prior to the distribution of the income among the partners, take precedence over the surtax law which requires the surtax to be calculated on the gross surtaxable income.

On the following pages are the principal findings of the detailed statistical analysis made of surtax returns by the Council staff. The analysis of the income tax returns was made on proper authorization.

Results of the Study

It is possible to draw the following conclusions from the study:

1. The surtax as a revenue producer is relatively minor on adjusted gross incomes under $8,000. Collected data indicates that all brackets under $8,000 account for approximately 20% of the total surtax collected. It is interesting to note that the $7,000-$8,000 bracket pays the lowest proportion of surtax of any adjusted gross income bracket except the under-$1,000 class.
2. Approximately 5.9% of all Colorado income tax returns pay a surtax, but this surtax varies widely as between adjusted gross income brackets. For example, the smallest proportion of income tax returns with surtax is in the $3,000-$4,000 bracket (1.9%), while the highest percentage of returns with surtax is found in the $20,000-$25,000 bracket where approximately 81% of all returns have a surtax. The average surtax payment for all income brackets is $60.46, but the average payment in each bracket ranges from a low of $2.15 in the under-$1,000 bracket to $302.37 in the over-$25,000 bracket.

3. More than half, or 55.4%, of the surtax is collected on adjusted gross incomes of $15,000 or more.

4. The number of persons whose entire income is surtaxable is extremely small. The highest percentages are found in the under-$1,000 bracket, where 3.0% of all income tax returns are on incomes which are entirely surtaxable, and in the $20,000-to-$25,000 bracket, where 4.0% of all income tax returns are on income which is entirely surtaxable. These percentages increase when calculated on only the surtax returns themselves. In other words, in the under-$1,000 surtax income bracket, there were 442 surtax returns out of 8,163 income tax returns. Of the 442 returns with surtax, 250 or 56.5% had no income except that which was surtaxable. However, in the $20,000-to-$25,000 bracket, 4.9% of the surtax returns were on incomes which were entirely subject to surtax as contrasted to 4.0% of all tax returns in this bracket.

5. Increasing the surtax exemption from its present $600 figure to $1,000 would result in an estimated minimum revenue loss of $148,000. This is calculated on the number of surtax returns in each income bracket multiplied by $8.00, which would be the amount of actual tax reduction resulting from a $400 increase in exemption. This figure is given as a minimum, since it is not known how many taxpayers are entitled to a double deduction on

the basis of husband and wife owning securities in joint tenancy. Percentage-wise, an increase in deductions to $1,000 would eliminate the surtax in the under-$1,000 bracket and virtually eliminate it in the $1,000-to-$2,000 and the $7,000-to-$8,000 adjusted gross income brackets. These conclusions are based on the estimated number of taxpayers in each adjusted gross income bracket whose surtaxable income was $1,000 or less.

6. Even though the average surtax payment, as well as the amount of surtaxable income, generally increases as the adjusted gross income increases, this is not uniformly true. Some cases were found in which persons in the lower adjusted gross income brackets had larger surtax payments than those in the higher brackets. This would seem to indicate that the principal justification of the surtax is as an ad-valorem levy rather than as a tax based on ability to pay.

7. As a general observation, and one which was not proven statistically, it seems obvious that the instructions on computing the surtax should be clarified. The fact that a taxpayer who owns securities or interest-bearing notes jointly with his spouse is entitled to a $1,200 deduction instead of a $600 deduction is probably not fully understood. If it were, chances are that a far greater number of surtax returns would claim the $1,200 deduction. Virtually none

of the returns in the lower brackets, which by-and-large were prepared by the taxpayers themselves rather than by accountants, took a $1,200 deduction.

TOPIC II

THE WITHHOLDING PROVISION

The committee considered whether or not the withholding provisions in the Colorado income tax law had contributed sufficiently in terms of increased revenue to offset the cost of its administration, and whether or not withholding should be extended to incomes other than salaries and wages.

Withholding Tax Revenue and Cost of Administration

The evidence indicates that the withholding provision of the Colorado tax law has been effective in increasing the amount of income tax revenue, and that it has proven inexpensive to administer. For fiscal year 1955, the first full year of the withholding law's operation, approximately $1,300,000 in additional revenue was attributed to the withholding tax, excluding refunds.(1) The cost of administering the tax during the year was $53,495(1), distributed as follows:

Salaries	$34,017
Capital equipment	1,314
IBM rentals	7,249
Supplies	4,225
Postage	6,690

Approximately 455,000 Colorado taxpayers were subject to the withholding law; in addition, the Department of Revenue maintained some 31,000 employer accounts. Since employers are required to file quarterly, there were approximately 102,000(2) employer returns processed.

(1) Source: Department of Revenue.

(2) This figure is for three quarters of the 1955 fiscal year only, since employers have one month after the close of the fiscal year to file the final quarter's returns.

Refunds to taxpayers were made in 68,713 cases, and a total of $277,231 in overpayments was refunded. The average refund was $4.03. In addition to the refunds actually paid, there were another 11,545 cases in which the refund due was $1.00 or less and which, under the statute, was not made by the Department of Revenue.(3) The cost of processing refunds was $.05 per refund check written.

The principal problem in withholding seemed to be whether or not 4% of the federal income tax is the proper amount which should be withheld. In reply to a question, Mr. John F. Healy, Jr., Deputy Director of the Department of Revenue, testified as follows:

> "Of the persons subject to the withholding tax, the larger number do not have sufficient state tax withheld, which would indicate that, if anything, the percentage of federal income tax now being withheld should be increased. The Revenue Department can process overpayments for less than it can process additional collections, but we have no strong feelings about the matter either way. If, however, the General Assembly makes any changes in the amount withheld, 5% of the federal income tax might be a proper figure."

Extension of Withholding to Income Other than Salaries and Wages

The committee considered the desirability of extending the withholding provisions to incomes other than salaries and wages. In testifying on this point, Mr. Healy indicated that, in his judgment, little would be gained from such a program, since there is no evidence that income taxes were being avoided by those groups not now included in the withholding provisions. He also indicated that to administer the withholding on incomes other than salaries

(3)Session Laws of Colorado, Second Extraordinary Session, 1954, Chapter 4, Article 10.

and wages would present a number of problems which, under the present provisions, do not exist.

On the basis of Mr. Healy's discussion, the committee felt that no extension of the withholding act should be recommended without substantial additional study.

TOPIC III

COMPARISON OF THE COLORADO INCOME TAX WITH THE FEDERAL INCOME TAX

There are numerous and substantial differences between the Colorado and the federal income taxes. These differences, discounting differences in rates, may roughly be grouped into thirteen categories, as follows:

1. Imposition of tax
2. Definition of "gross income"
3. Definition of "adjusted gross income"
4. Exclusions from gross income
5. Deductions
6. Deductions not allowed, as distinguished from different methods of handling the same deductions as in 5 above.
7. Exemptions
8. Accounting methods
9. Non-capital gains or losses
10. Estates and trusts
11. Partnerships
12. Capital gains and losses
13. Split income filing.

There are approximately ninety-four separate items which are handled differently under the state and federal income tax statutes. These differences have led to a number of suggestions that there be a correlation between the state and federal income tax laws. These suggestions will be discussed under Topics IV and V.

The above summarization is explained in detail in Part II of this report. Because of the number of items involved, and the technical detail in each area of comparison, it was not deemed advisable to attempt a short summation of them. The complete comparison was prepared by the staff of the Colorado State Department of Revenue under the supervision of Mr. John F. Healy, Jr. Deputy Director.

TOPIC IV

CONSTITUTIONAL PROBLEMS INVOLVED IN BASING COLORADO'S INCOME TAX LAW ON THE FEDERAL STATUTE AND RETURNS

Introduction

Recognizing the fundamental legal questions involved in correlating the Colorado and federal income tax statutes, the committee first examined the problem of making the Colorado income tax law follow the federal code in its entirety. The University of Colorado Law School was asked for a detailed brief on the subject. This brief, the principal conclusions of which follow, was prepared by Professor Al Menard of the University of Colorado Law School at the committee's request.

> "In summary, the legal conclusions reached can be stated only in terms of the extent of risk and the presence of counterbalancing factors in each of the alternatives which may be considered. Thus, to correlate the Colorado and the United States income tax by merely setting out the federal statute verbatim in our own statutes involves no constitutional risks and is perfectly legal. However, it is somewhat cumbersome and must be kept in adjustment by positive amendments to our own law each time the federal statute changes, if the correlation is to continue.
>
> On the other hand, to base Colorado income tax on the figure reported to the federal government as adjusted gross income, while most attractive from a practical viewpoint, does raise certain constitutional objections. They can be met in one of three ways, none of which is entirely without drawbacks, as follows:
>
> 1. Adopt a statute utilizing the principle of incorporation by reference and with possible retrospective aspects, taking the risk that the Colorado Supreme Court will decide favorably if the statute is challenged. While courts of certain other

jurisdictions have upheld such statutes and the modern trend appears to be in their favor, in none of these decided cases were the constitutional hurdles as high as those in Colorado. Still, our court might well uphold a statute on the basis of these precedents and the trend toward a practical solution. Perhaps the odds favor such a decision. However, it must be stated that there is some doubt as to the constitutionality of this type proposal and as to the decision the Colorado Supreme Court might enter.

2. Introduce a statute utilizing the principle of incorporation by reference and possible retrospective operation. At an appropriate stage before final passage by both houses, seek an advisory opinion from the Colorado Supreme Court concerning the validity of the statute. If the court renders an unfavorable decision, other action can be taken.

3. Propose for submission by the General Assembly and ultimate decision by the people a constitutional amendment clarifying the situation and resolving any doubts."

TOPIC V

"TIEING-IN" COLORADO AND FEDERAL INCOME TAX LAWS ON AN OPTIONAL BASIS

In Topic IV are presented the major legal obstacles involved in adopting the federal personal income tax by reference in the Colorado statutes. The foregoing discussion is concerned principally with the legal questions which might arise if the federal law were adopted by reference as "the method" for the Colorado taxpayer. In Topic V, however, this report examines the possibility of allowing the taxpayer the option of using either the federal definitions for arriving at "net income" or the state of Colorado definitions for arriving at "net income."

Before discussing the mechanics of such a proposal, the committee desired to have some specific legal opinion on the matter, and accordingly, an inquiry was sent on June 14, 1955, to the Attorney General, posing three specific questions relative to adoption of an optional filing system.

The questions asked of the Attorney General at that time related to using the federal "adjusted gross income" rather than the federal "net income" as the option, but the principles involved would appear to be the same in either case. He expressed the opinion that an optional system would probably be valid in Colorado, if properly drawn. He quite properly indicated that the language of a specific bill would have to be examined before any final answer on the subject could be made. The complete text of his opinion is reproduced on the next two pages.

DUKE W. DUNBAR
ATTORNEY GENERAL

The State of Colorado

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL
DENVER 2

July 27, 1955

Mr. Harry S. Allen
Senior Research Analyst
Legislative Council
State Capitol
Denver 2, Colorado

Dear Sir:

Receipt is acknowledged of your letter of June 14, 1955, in which you request my opinion concerning the following:

FACTS: The Legislative Council, pursuant to House Joint Resolution 20, First Regular Session, Fortieth General Assembly, is engaged in the study of the Colorado Income Tax law. The chairman of the Income Tax Sub-committee of the Council is interested in the legality of tying the Colorado law to the Federal Internal Revenue Act. One of the plans considered has been for Colorado to adopt an optional short form return which an individual taxpayer could elect to file in lieu of the current long form return. Such short form would permit the taxpayer to enter the amount of the adjusted gross income reported to the federal government, deducting therefrom either the total amount of itemized deductions or the standard deduction, whichever he prefers, plus the amount paid in federal income taxes, thus arriving at the net income for computing the Colorado income tax.

Another plan considered has been for Colorado to adopt a return in which the taxpayer pay to the state a given percentage of his tax paid to the federal government.

QUESTIONS: 1. Would optional short form, indicated in facts above, be constitutional if adopted by the General Assembly?

2. Would that plan involve an unconstitutional delegation of authority inasmuch as it involves the use of federal statutes and administrative decisions?

3. Would the plan set forth in the second proposition contravene the Colorado Constitution?

CONCLUSION: Subject to the specific language that may appear in a given bill, my conclusion is:

(1) An optional short form could be adopted; (2) Such would not be an unconstitutional delegation of authority, and (3) The taxpayer might adopt a return in which he pays the state a given percentage of his federal income tax; provided that the imposing statute were carefully drawn so as not to violate Article 5, Sections 17 and 24, Colorado Constitution, and if provision were made for exclusion of income over which Colorado has no jurisdiction.

ANALYSIS: It is extremely difficult to adequately analyze and answer the propositions advanced in the questions without having before me for analysis a specific bill. This problem has been devoted considerable time and research. Any objections which appear on a theoretical examination might well be resolved by careful draftsmanship. I believe, generally, that the above questions can be embodied in a satisfactory statute with the admonition that Article 5, Sections 17 and 24, Colorado Constitution, must be observed. (Section 17 requires that no law shall be passed except by bill; Section 24 states that no law shall be revived, or amended, or the provisions thereof extended by reference to title only, but shall be re-enacted and published at length). It is impossible to render an opinion concerning those two sections of the Constitution without having specific language before me to analyze.

The adoption of an optional method of reporting income, if the taxpayer were given an opportunity to select his return, and to amend, if he later discovered another form were to his advantage, would probably be valid. The election given would eliminate a large class of persons who might be in a position to raise a constitutional question, as the election would minimize the possibility of the taxpayer being detrimentally affected by the adoption of the federal figures.

I shall be happy to examine any specific legislation that you may present to me. May I suggest that the Council examine the experience of New Mexico with its percentage of the Federal tax statute which was repealed in 1955.

If you desire a member of my staff to be present at the meeting on July 29 to discuss the research, please advise.

Very truly yours,

DUKE W. DUNBAR
Attorney General

DWD:ml

Mechanics of an Optional Filing System

Topic III of this report lists the major differences between the definitions used in the federal income tax law and the Colorado income tax law. All these differences affect the calculation of "net income." This "net income" figure appears as line 3 in the tax computation section of page 3 on the 1954 federal income tax return (Form 1040). The net income on the state return is line 3 of Schedule N of the 1954 Colorado income tax return (Form 104). Since this "net income" is the one affected by the differences in definitions, the use of the same definition to arrive at "net income" for both state and federal purposes would result in great simplification for the taxpayer, since he would have to make only one set of calculations instead of two.

Under an optional filing system, the taxpayer would report as his "net income" to the state the same amount as shown on his return to the federal government. This also would give the taxpayer the advantage of the more liberal federal provisions, such as deduction for babysitting expense, charitable contributions, and so on.

Mandatory Adjustments to Net Income

Even if the state should allow the taxpayer to report as his "net income" for state tax purposes that figure which is so reported on the federal return, certain other minor adjustments must still be made to conform with constitutional (federal and state) provisions. For example, the amount of income derived from federal bonds must be deducted before the state tax can be applied, since states, by federal constitutional provisions, are not allowed to tax income derived from that source.

Optional Adjustments to Net Income

In addition to the mandatory adjustment to federal "net income" on the state return it is possible to allow other adjustments as state policy may dictate. One of the adjustments which would have the greatest effect, aside from allowing credit for federal income taxes paid, is that of adding back into income for state purposes the loss "carry-back" allowed in computing net income for federal purposes. Under the Federal Internal Revenue Law of 1954, a net operating loss may be offset against net income of other years by means of a 2 year carry-back, and a 5 year carry-forward. The Colorado law allows only an offset against net income for 4 succeeding years. Also the interest received from state and municipal bonds subject to taxation may be added to the state return inasmuch as this source of revenue is not included in net income for federal purposes.

Computation of Tax

In computing the tax on the basis of "net income," credit must be then allowed for the Colorado personal exemptions ($600 for each dependent at the present time). To illustrate the maximum information which would be needed to arrive at Colorado net taxable income under an optional system of filing and the present Colorado deductions, the following specific entries are given:

1.	Net income (report same figure as on line 3 of tax computation section, federal form 1040)		$ x,xxx
2.	Less income from federal bonds	$ xxx	
3.	Less federal income taxes paid	xxx	- xxx
4.	Total		$ x,xxx
5.	Add optional items as state policy dictates (see instructions)		xxx
6.	Total		$ x,xxx
7.	Less personal exemptions ($600 multiplied by number of exemptions claimed)		- x,xxx
8.	Colorado net taxable income		$ x,xxx

The above is the information which would be necessary on a state income tax return, in addition to the personal information listing the taxpayer's name, names of dependents, etc. There would also be required an additional small section for those taxpayers who are subject to the surtax on income derived from interest and dividends, plus space for the lines to compute the tax and to take the existing 20% credit. These latter two computations could be eliminated by statutory adoption of a tax table taking into consideration all factors to be used by those taxpayers electing to file under the optional form.

Special Considerations in Using an Option

The federal law allows a husband and wife to file a joint return and split income filing. Therefore, the use of the optional filing would have to be limited to the income prior to splitting, and a taxpayer must file a Colorado return on the same basis as his federal return unless the state wished to lose substantial amounts of revenue. In other words, if a joint return is filed for federal purposes, then a joint return must be filed for state purposes and the net income figure,* prior to applying the split, as reported on the federal tax return, used as the Colorado figure. If husband and wife file separate returns with the federal government, then they would have to file separate returns with the state and use the net income reported by each of them to the federal government as the net incomes reported to the state.

If the state is using the net income reported to the federal government as the base for state income tax, then it must also

* This figure appears on line 3 of the tax computation section on page 3 of Form 1040 (Federal), 1954.

provide the taxpayer with the same opportunity to amend his return, as is provided in the federal law. Since at the present time the state law is more liberal in this respect than the federal government, this presents no particular problem, but should the federal government extend the statute of limitations for filing an amended return, then the state would have to conform.

Use of Tax Table in Optional System

At the request of the committee, the State Revenue Department has developed a tax table that could be used with optional filing, and which takes into consideration all special features of the present Colorado income tax law except the surtax, and allows the taxpayer to arrive at the amount of state income tax due without the necessity for any computation. This table starts out with the net income,* as reported to the federal government, and computes the tax due to Colorado for all types of taxpayers. It includes the credit for federal income taxes paid as well as the present 20% credit allowed on Colorado state income tax.

If such a table were adopted in the statutes as part of the optional filing system, it would provide the greatest possible simplification to the taxpayer.

Arguments for Optional Filing

1. This makes the filing of a state income tax return as simple as possible, and thus serves to eliminate any reason for complaint on the part of the taxpayer that the computation of the Colorado income tax is complicated.

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* This figure appears on line 3 of the tax computation section on page 3 of Form 1040 (Federal), 1954.

2. Administration of the personal income tax by the State Department of Revenue would be simplified to a considerable extent. The audit program for personal income tax returns would be reduced to mathematical computations plus checks, as necessary, with the Federal Bureau of Internal Revenue. The cost of printing, processing, and mailing returns would also be reduced to some extent.

3. An optional filing system would apparently avoid the constitutional pitfalls which are inherent in tieing the state and federal laws together on a mandatory basis.

Arguments Against Optional Filing

1. The enactment of an optional filing system may result in a revenue loss to the state.

2. Even an optional filing system may pose some serious constitutional problems.

COMMITTEE CONCLUSION

A system of optional filing appears to offer a reasonable method of simplifying the Colorado personal income tax and it is therefore suggested that the General Assembly, if simplification is desired, give serious consideration to this plan. Prior to its final adoption it is advisable that the constitutional question be passed upon, either by submitting a bill to the Attorney General for his opinion, or by asking the Supreme Court for an interrogatory opinion. It is further suggested that if an optional filing system is adopted there also be enacted a tax table to be used in computing taxes under the optional filing which would maintain tax revenue from those using this simplified form at substantially the same level as existed at the time such plan was adopted.