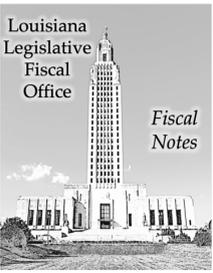


**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 667** HLS 25RS 1126

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 25, 2025	5:54 PM	<b>Author:</b> EMERSON
<b>Dept./Agy.:</b> Department of Revenue		<b>Analyst:</b> Noah O'Dell
<b>Subject:</b> Individual Income Tax Deduction: Taxpayers 65+		

TAX/INCOME TAX OR -\$73,700,000 GF RV See Note Page 1 of 1  
 Authorizes an income tax deduction for taxpayers sixty-five years of age and older

Current law authorizes a standard deduction for resident taxpayers when filing individual income tax returns equal to \$12,500 for single filers. Beginning January 1, 2026, the amount of the standard deduction shall be adjusting according to the Consumer Price Index US city average for all urban consumers (CPI-U) as reported by the US Dept. of Labor, Bureau of Labor Statistics, for the previous calendar year.

Proposed law provides for an additional standard deduction for each resident 65 years of age and older in the amount equal to the standard deduction applicable for single filers. Taxpayers claiming the deduction are required to maintain all records necessary to verify eligibility and, if requested, provide the records to the Department of Revenue (LDR).

Effective January 1, 2026 and applicable to tax years beginning on or after January 1, 2027

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	<b>\$52,270</b>	\$0	\$0	<b>\$52,270</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$52,270</b>	<b>\$0</b>	<b>\$0</b>	<b>\$52,270</b>
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	<b>(\$73,700,000)</b>	<b>(\$74,800,000)</b>	<b>(\$76,000,000)</b>	<b>(\$224,500,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$73,700,000)</b>	<b>(\$74,800,000)</b>	<b>(\$76,000,000)</b>	<b>(\$224,500,000)</b>

**EXPENDITURE EXPLANATION**

The bill is anticipated to increase \$52,270 SGR within the Department of Revenue in FY27 related to computer system development, modification, and testing. The department reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

**REVENUE EXPLANATION**

The income tax exemption for taxpayers aged 65+ of \$1,000 per year was repealed in 2024 ES3. The bill allows taxpayers aged 65+ to take a deduction in tax year 2027 equal to that of the standard deduction of a single filer (currently \$12,500 + annual inflation) in addition to the standard deduction and a retirement deduction of \$12,000. Assuming that all 65+ filers from 2023 have income to take advantage of the exemption in the bill, the 65+ income tax deduction growing by inflation is expected to lower SGF revenue by \$73.7M in FY28 (for tax year 2027), \$74.8M in FY29 and \$76M in FY30. The estimate is from a micro-simulation personal income tax model updated with 2023 filing data with parameters set to the new taxing regime.

Note: This reduction will also reduce 1% of income tax collections retained and normally reverted by LDR as SGF; if not reverted, it would become an SGR reduction.

Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**Deborah Vivien**  
**Chief Economist**