

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 260** HLS 19RS 682

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 26, 2019	12:57 PM	Author: STOKES
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: IncomeTax		

TAX/INCOME TAX OR NO IMPACT GF RV See Note Page 1 of 1
(Constitutional Amendment) Eliminates the income tax deduction for federal income taxes paid for purposes of calculating individual and corporate income taxes and requires the levy of a flat individual income tax rate

Present constitution requires a deduction of federal income taxes when computing state income taxes, and prohibits the rates and brackets from exceeding those in effect on January 1, 2003.

Proposed amendment removes the requirement for a federal income taxes paid deduction, and provides that the income tax be levied at a flat rate, which shall be established by law. Effective for all tax years beginning on and after January 1, 2020.

To be submitted to the electors at the statewide election to be held on October 12, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The deduction for federal taxes paid and the rate and bracket structure of the income tax are currently provided in statute. This constitutional amendment does not changes those statutory provisions, and does not prohibit a federal tax deduction. However, the bill does require a flat rate income tax, which may generate more or less aggregate revenue than the current tax structure, depending on the overall structure of the tax provided by law. Subsequent statutory changes would be necessary to assess the revenue effect of the mandated flat rate tax structure.

Senate Dual Referral Rules
 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}

John D. Carpenter
Legislative Fiscal Officer