

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



Fiscal Note On: **HB 660** HLS 21RS 932

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 25, 2021	2:39 PM	<b>Author:</b> HUGHES
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Earned Income Tax Credit		

TAX CREDITS OR -\$1,400,000 GF RV See Note Page 1 of 1  
Increases the amount of the earned income tax credit for certain taxpayers for a specific period of time

Current law provides a refundable tax credit for taxpayers eligible for the federal earned income tax credit. The state credit is 5% of the federal credit amount, through December 31, 2025. After that date the state credit is 3.5% of the federal credit.

Proposed law increases the credit to 50% of the federal credit amount for tax filers without a child and who are between the ages of 18 and 25 or are at least 60 years old. Effective for tax years 2021 through 2024.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	\$0	<b>(\$5,600,000)</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>(\$1,400,000)</b>	<b>(\$1,400,000)</b>	<b>(\$1,400,000)</b>	<b>(\$1,400,000)</b>	<b>\$0</b>	<b>(\$5,600,000)</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The current worksheet used to calculate the state earned income tax credit would be modified, at minor cost, to include the new calculation at 10% rather than 5%.


**REVENUE EXPLANATION**

According to the Dept. of Revenue, eligibility for the federal childless earned income tax credit requires taxpayers to be between the ages of 25 and 65. Thus, this bill's eligibility for ages 18 - 25 has no effect since these individuals would not be receiving a federal credit upon which to base the state credit.

A relatively small group of taxpayers between the ages of 60 and 65 (over 65 are not eligible for the federal credit) had no dependents but claimed the federal credit. That group claimed \$164,000 of state credit at the 5% rate on 2019 returns. This implies \$1.6 million of state credit at the 50% rate of this bill, or an increase of \$1.4 million per year of state credit attributable to the bill, for the next four years.

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}

  
**Christopher A. Keaton**  
**Legislative Fiscal Officer**