

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



Fiscal Note On: **HB 33** HLS 162ES 20

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 8, 2016	9:11 AM	<b>Author:</b> STOKES
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Federal Income Tax Deductibility		

**TAX/INCOME TAX**

OR SEE FISC NOTE GF RV

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Repeals the state income tax deduction for federal income taxes paid for purposes of calculating individual and corporate income taxes (Item #40)

The bill eliminates the statutory provisions providing for the deduction of federal income taxes paid for purposes of calculating corporate and individual income taxes. Applicable for tax periods beginning on and after January 1, 2017.

The provisions relative to the deductibility of federal income taxes paid for purposes of calculating individual income taxes are contingent upon adoption of the constitutional amendment prohibiting this deduction contained in HB 7 of this session. The provisions relative to the deductibility of federal income taxes paid for purposes of calculating corporate income taxes are contingent upon adoption of the constitutional amendment prohibiting this deduction contained in HB 31 of the 2016 ES1 session.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</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>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The fiscal consequences of eliminating the deductibility of federal income taxes paid for purposes of calculating corporate income taxes are discussed in the fiscal notes for HB 31 (Act 31) of the 2016 ES1 session and its companion bills HB 95 (Act 30) and HB 29 (Act 8) of that session.

The fiscal consequences of eliminating the deductibility of federal income taxes paid for purposes of calculating individual income taxes are discussed in the fiscal notes for HB 7 of this 2016 ES2 session and its companion bill HB 17 of this session.

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|---|--|--------------|
| <u>Senate</u>   | <u>Dual Referral Rules</u>   | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |              |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |              |

**John D. Carpenter**  
**Legislative Fiscal Officer**