

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



Fiscal Note On: **HB 441** HLS 19RS 750

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 30, 2019	4:08 PM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> IncomeTax		

TAX/INCOME TAX EG NO IMPACT GF RV See Note Page 1 of 1  
 (Constitutional Amendment) Provides for a flat tax on individual income and eliminates the income tax deduction for federal income taxes paid for purposes of computing individual, estate and trust, and corporate income taxes

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.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</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	\$0	\$0	\$0	\$0	\$0	<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>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
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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>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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**