

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 369** HLS 21RS 139

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 5, 2021	11:37 AM	Author: IVEY
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Income Tax		

TAX/INCOME TAX OR SEE FISC NOTE GF RV See Note Page 1 of 1
(Constitutional Amendment) Provides for a flat tax on individual income and eliminates the mandatory income tax deduction for federal income taxes paid for purposes of computing income taxes

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

Proposed amendment requires that the income tax on individuals be levied at a flat rate established in law, and eliminates the requirement for a federal income taxes paid deduction for income tax (applicable to both individual and corporate income tax). Effective for all tax years beginning on and after January 1, 2022.

To be submitted to the electors at the statewide election to be held on October 9, 2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

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 alone. The deduction for federal taxes paid and the rate and bracket structure of the income tax are currently provided in statute, consistent with current constitutional provisions. This constitutional amendment does not changes those statutory provisions, and does not prohibit a federal tax deduction for income tax. This amendment mandates a flat rate for individual income tax effective for tax years beginning January 1, 2022, but does not specify the rate. Specific statutory changes would be required to provide those provisions. This amendment does not itself provide them.

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