

GREEN SHEET REDIGEST

HB 274

2021 Regular Session

Bishop

**TAX/INCOME TAX: (Constitutional Amendment) Provides for the rates and brackets for purposes of calculating income taxes and limits the mandatory deduction for federal income taxes paid to corporate income taxes**

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DIGEST

Present constitution provides that the individual income tax rates and brackets shall not exceed those rates and brackets in effect as of Jan. 1, 2003, which are as follows for single taxpayers:

- (1) 2% on the first \$12,500 of net income.
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

Proposed constitutional amendment reduces the maximum allowable rate of individual income tax from 6% to 4.75% for tax years beginning after December 31, 2021.

Proposed constitutional amendment removes references to 2003 individual income tax rates and brackets.

Present constitution requires a deduction of the full amount of federal income taxes paid for all state income taxes.

Proposed constitutional amendment permits, but does not require, a deduction for federal income taxes paid.

Effective Jan. 1, 2022, and applicable to all tax years beginning on or after Jan. 1, 2022.

Specifies submission of the amendment to the voters at the statewide election to be held on October 9, 2021.

(Amends Const. Art. VII, §4(A))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Civil Law and Procedure to the engrossed bill:

1. Make technical changes to the ballot language.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Removes provisions that specified that the rates and brackets of all income taxes shall be provided for in law.
2. Removes provision that limited the mandatory deductibility of federal income taxes to corporate income tax.
3. Provides for a maximum rate of individual income tax.
4. Eliminates the mandatory deduction for federal income taxes.

5. Authorizes the legislature to provide for a deduction for federal income taxes by law.
6. Provides for an effective date.
7. Specifies submission of the amendment to the voters at the statewide election to be held on October 9, 2021.
8. Makes technical changes.