



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 240** SLS 25RS 577
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

| | |
|---|-----------------------------|
| Date: May 2, 2025 3:44 PM | Author: MIGUEZ |
| Dept./Agy.: Department of Revenue | |
| Subject: Income Tax Deduction: Deduction for Taxpayers 65+ | Analyst: Noah O'Dell |

TAX/INCOME/PERSONAL OR -\$72,500,000 GF RV See Note Page 1 of 1
Provides for an additional standard deduction for taxpayers sixty-five years of age and older. (1/1/26)

Current law authorizes a standard deduction for resident taxpayers when filing individual income tax returns equal to \$12,500 for single filers. Beginning January 1, 2026, the amount of the standard deduction shall be adjusting according to the Consumer Price Index US city average for all urban consumers (CPI-U) as reported by the US Dept. of Labor, Bureau of Labor Statistics, for the previous calendar year.

Proposed law provides for an additional standard deduction for each resident 65 years of age and older in the amount equal to the standard deduction applicable for single filers. Taxpayers claiming the deduction are required to maintain all records necessary to verify eligibility and, if requested, provide the records to the Department of Revenue (LDR).

Effective January 1, 2026 and applicable to tax years beginning on or after January 1, 2026

| EXPENDITURES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|---------------------|------------|-----------------|------------|------------|------------|-----------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$52,270 | \$0 | \$0 | \$0 | \$52,270 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$52,270 | \$0 | \$0 | \$0 | \$52,270 |

| REVENUES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|---------------------|------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| State Gen. Fd. | \$0 | (\$72,500,000) | (\$73,700,000) | (\$74,800,000) | (\$76,000,000) | (\$297,000,000) |
| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | (\$72,500,000) | (\$73,700,000) | (\$74,800,000) | (\$76,000,000) | (\$297,000,000) |

EXPENDITURE EXPLANATION

The bill is anticipated to increase \$52,270 SGR within the Department of Revenue in FY27 related to computer system development, modification, and testing. The department reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

REVENUE EXPLANATION

The income tax deduction for taxpayers aged 65+ of \$1,000 per year was repealed in 2024 ES3. The bill allows taxpayers aged 65+ to take a deduction in tax year 2026 equal to that of the standard deduction of a single filer (currently \$12,500 + annual inflation) in addition to the standard deduction and, if applicable, a retirement exemption of \$12,000. Assuming that 65+ filers have income to take advantage of the exemption in the bill, the 65+ income tax deduction growing by inflation is expected to lower SGF revenue by \$72.4M in FY27, \$73.7M in FY28, \$74.8M in FY29, and \$76M in FY30. The estimate is from a micro-simulation personal income tax model updated with 2023 filing data with parameters set to the new taxing regime.

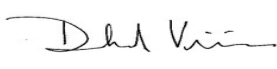
Note: This reduction will also reduce 1% of income tax collections retained and normally reverted by LDR as SGF; if not reverted, it would become an SGR reduction.

Senate

Dual Referral Rules

House

- ☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- ☒ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}
- ☐ 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}


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