

Fiscal Note Request SB0303, As Amended in Senate Committee

(continued)

of medical expense is taken.) This reduction in taxable income reduced tax liability of full-year residents by \$5,642,875.

4. This exclusion would extend not only to full-year residents but also to nonresidents and part-year residents. This would act to further increase the reduction in total tax liability by 7%.
5. The above assumptions result in an estimated net reduction in annual tax liability of \$6,037,876 ($\$5,642,875 \times 1.07 = \$6,037,876$).
6. This act applies retroactively to tax years beginning after December 31, 2004. Therefore, the additional medical expense exclusions from income would occur first in tax year 2005. All of the additional impact on revenue from this exclusion would occur in FY 2006. All revenue from the individual income tax is deposited in the state general fund; hence, this bill would reduce state general fund revenues by \$6,037,876 in FY 2006 and each fiscal year thereafter.
7. There are no additional Department of Revenue administrative expenses associated with this bill.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	\$(6,037,876)	\$(6,037,876)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$(6,037,876)	\$(6,037,876)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None.

LONG-RANGE IMPACTS:

General fund revenues would be decreased by an estimated \$6.04 million in each fiscal year.