



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0220	Title:	Reduce individual income tax rates
Primary Sponsor:	Witte, Craig	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2007</u> <u>Difference</u>	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:					
General Fund	\$0	\$0	\$0	\$0	\$0
Revenue:					
General Fund	(\$168,179,000)	(\$329,856,000)	(\$346,820,000)	(\$366,640,000)	(\$386,840,000)
Net Impact-General Fund Balance:	<u>(\$168,179,000)</u>	<u>(\$329,856,000)</u>	<u>(\$346,820,000)</u>	<u>(\$366,640,000)</u>	<u>(\$386,840,000)</u>

Description of Fiscal Impact: This legislation lowers the highest tax rate for individual income tax and compresses the tax brackets. Because taxpayers will be paying taxes at lower rates, this will result in decreased tax revenues.

FISCAL ANALYSIS

Assumptions:

- The individual income tax projection simulation model was run on the 2005 individual income tax database to determine the projected individual income tax collections for future years using the current-law tax rates. Then the individual income tax projection simulation model was run using the tax brackets and rates proposed by this legislation. After converting these projections to fiscal years, the difference between the two projected individual income tax collections – current law versus proposed law - are a reduction of \$168.179 million in FY 2007, a reduction of \$329.856 million in FY 2008, a reduction of \$346.820 million in FY 2009, a reduction of \$366.640 million in FY 2010, and a reduction of \$386.840 million in FY 2011.
- This legislation will apply retroactively to tax years beginning after December 31, 2006.

1.

	<u>FY 2007</u> <u>Difference</u>	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>					
<u>Revenues:</u>					
General Fund (01)	(\$168,179,000)	(\$329,856,000)	(\$346,820,000)	(\$366,640,000)	(\$386,840,000)
TOTAL Revenues	<u>(\$168,179,000)</u>	<u>(\$329,856,000)</u>	<u>(\$346,820,000)</u>	<u>(\$366,640,000)</u>	<u>(\$386,840,000)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$168,179,000)	(\$329,856,000)	(\$346,820,000)	(\$366,640,000)	(\$386,840,000)

Long-Range Impacts:

1. The proposed legislation will continue to reduce tax revenues in years past FY 2011.

Sponsor's Initials

Date

Budget Director's Initials

Date