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FISCAL IMPACT REPORT

SPONSOR: Altamirano DATE TYPED: 02/15/01 HB _____
 SHORT TITLE: One-Time Heating Bill Relief Rebate SB 343
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (38,500.0)	\$ (1,150.0)	Non-recurring	General Fund
	\$ (24,400.0)	\$ (22,100.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to SB 43, SB 108, SB 124, SB 213, SB 236, SB 365, HB 97, HB 123, HB 235, HB 382, HB 424

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department analysis

SUMMARY

Synopsis of Bill

Senate Bill 343 is a personal income tax reduction package with two major components. The first component is a one-time rebate called the “heating bill relief rebate”. The amount of the rebate ranges from \$5 to \$160, depending on filing status and income level. The rebate is not available when single adjusted gross income is over \$25,000 and when married, filing joint adjusted gross income is over \$50,000.

The second component consists of several rate cuts, bringing the top rate down from 8.2% to 7.9% and changes other rates as follows:

Current: 1.7%, 3.2%, 4.7%, 6.0%, 7.1%, 7.9%, 8.2%
 Proposed: 1.5%, 3.0%, 4.5%, 6.0%, 7.1%, 7.9%

The bill is effective beginning tax year 2001. The delayed rebate repeal of January 1, 2005 accommodates extended filers and taxpayers filing amended returns.

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Tables provided from the TRD fiscal impact report are attached to provide a basis for comparing current and proposed income brackets and tax rates.

FISCAL IMPLICATIONS

The Taxation and Revenue Department has estimated the bill would reduce general fund revenues by \$38,500.0 in FY02 and \$1,500.0 in FY 03 for the rebate component of the bill. The rate cuts would reduce general fund revenues on a recurring basis by \$24,400.0 in FY02 and \$22,100.0 in FY03.

DISTRIBUTION OF TAX REDUCTIONS

The rebate component of the bill is projected to have the following impact by income category:

Summary By Household Income	Rebate Returns	% of Taxpayers	Total Tax Relief (\$, millions)	% of Total	Tax Relief Per Return
Up to \$10,000	240,766	43.1%	\$23.2	57.6%	\$96.14
\$10,000 to \$20,000	162,040	29.0%	\$11.8	29.4%	\$72.70
\$20,000 to \$30,000	77,493	13.8%	\$ 3.8	9.5%	\$49.59
Over 30,000	78,084	13.9%	\$ 1.4	3.2%	\$17.28
Total	558,384	100%	\$40.1	100%	\$71.85

The tax rate reduction in the bill is projected to have the following impact.

Base Taxable Income	Total Tax Relief (\$, millions)	% of Total	Tax Relief Per Return
0-15,000	3.31	13.2%	13.85
15,000-25,000	3.52	14.1%	36.83
25,000-40,000	3.92	15.7%	41.99
40,000-75,000	4.1	16.4%	45.13
over 75,000	10.18	40.7%	222.97
Total	25.03	100%	44.35

AW/ar