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FISCAL IMPACT REPORT

SPONSOR: McSorley DATE TYPED: 3/04/03 HB _____

SHORT TITLE: Personal Income Surtax for Wildlife Programs SB 329

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$3,200.0	\$3,200.0	Recurring	Wildlife Conservation

(Parenthesis () Indicate Revenue Decreases)

Duplicates:

HB 240, Personal Income Surtax for Wildlife Programs

SOURCES OF INFORMATION

LFC files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Game and Fish (DGF)

SUMMARY

Synopsis of Bill

Senate Bill 329 creates a new section of the Tax Administration Act that distributes a portion of the State's personal income tax receipts to a newly created fund in the State Treasury. The bill would create a new tax assessment in addition to existing taxes in the amount of two dollars (\$2.00) for each federal exemption allowable for federal income tax purposes for each individual included in the return, or twelve dollars (\$12.00), whichever is less. This surtax would be referred to as the *Wildlife Conservation Surtax*. The revenue generated would be deposited into the newly created *Wildlife Conservation Fund*. Beginning with fiscal year 2005, the legislature would be able to appropriate money in this fund for use by the Department of Game and Fish.

The bill lists allowed uses of the funds. The major uses are to fund the operations of the Conservation Services Division, the Wildlife Conservation Act and to acquire, lease, develop, land for wildlife habitat.

FISCAL IMPLICATIONS

TRD notes the following assumptions:

828 thousand personal income tax returns were filed with the state in tax year 2001. These were distributed as follows: 318 thousand were married filing joint returns; 367 thousand were single returns; 8 thousand consisted of separate returns, while 135 thousand were filed by heads of household. The federal exemption generally totaled \$2,900 per dependent in Tax Year 2001. The estimate above assumes single filers will each pay \$2 per return, joint filers will pay an average of \$5.80 per return, separate filers will pay an average of \$2.56 per return, and individuals filing as heads of household will pay an average of \$5.04 per return. These figures were developed partially by dividing the total number of exemptions *claimed* (see the Technical Issues section below) by the number of filers in each category, and are somewhat imprecise because: 1) there is no way to know how many exemptions taxpayers were *allowed* based on state tax return data, 2) the standard \$2,900 exemption amount varies to some extent with income, and 3) in some cases – families with four children or more – taxpayers would opt for the \$12 per return surcharge allowed by the proposal, rather than multiplying the number of dependents by \$2.

TECHNICAL ISSUES

The proposed measure specifies \$2 per federal exemption *allowable* – not actually claimed. If the intent is to specify \$2 per exemption claimed for federal tax purposes, the measure should be modified accordingly.

SN/ls