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FISCAL IMPACT REPORT

SPONSOR:	Robinson	DATE TYPED:	02/04/00	HB	
SHORT TITLE:	Eliminate Personal Income Tax on Capital Gains			SB	153
				ANALYST:	Williams

REVENUE

Estimated Revenue		Subsequent	Recurring	Fund
FY00	FY01	Years Impact	or Non-Rec	Affected
	\$ (119,000.0)	\$ (114,800.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to SB23

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Authorizes a 100% capital gains deduction phased-in over a three year period which would be applicable for sales of capital assets on or after January 1, 2000.

FISCAL IMPLICATIONS

TRD estimates General Fund net revenue loss of \$119,000.0 in FY01 and \$114,800.0 for a full year. TRD notes a slight gain of \$10,000.0 in the full year estimate for deduction recovery, or that state income taxes for tax year 2000 are deductible from state taxes in tax year 2001, through federal piggy-backing.

ADMINISTRATIVE IMPLICATIONS

TRD estimates an additional 3 FTE would be required to FY01 at a cost of \$150.0 for auditing.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Senate Bill 23 proposes a 100% capital gains deduction phased in over a three-year period.

DISTRIBUTIONAL IMPACTS

Almost 90% of the benefit of this proposal is received by 6% of taxpayers with taxable incomes in excess of \$70,000, i.e. approximately \$100,000 in household income.

Attached table summarizes capital gains realizations on 1997 returns based on AGI class as reported by TRD.

AW/njw