

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1926**

**Amendment Number: Engrossment 3/22/13 (Am. # H1)**

**Bill Subtitle: TO ADD A TAX RATE FOR CERTAIN INCOME LEVELS; TO ADJUST THE INCOME LEVELS SUBJECT TO CERTAIN INCOME TAX RATES; AND TO INCREASE THE NUMBER OF PERSONS ENTITLED TO USE THE LOW-INCOME TAX TABLES.**

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### **Basic Change :**

Representative Sabin

The amendment deletes the 7.5% income tax bracket for persons having taxable income in excess of \$75,000 and restores the 7% tax rate and bracket to current income levels.

The bill increases the standard deduction from \$2,000 to \$5,000 and incorporates the new standard deduction in the calculation of the low income tax table. Effective for tax years beginning on or after January 1, 2013

### **Revenue Impact :**

FY2014 - \$57.30 M loss

FY2015 - \$57.30 M loss

### **Taxpayer Impact :**

Taxpayers who claim the standard deduction or use the low income tax tables to calculate their income tax liability would have a reduced individual income tax liability than under current law.

### **Resources Required :**

Tax tables and computer systems must be updated.

### **Time Required :**

Adequate time is provided.

### **Procedural Changes :**

Individual Income Tax brackets and tables will need to be updated. Withholding tables will need to be updated.

### **Other Comments :**

There is a typo on page 2, line 36 - 2014 should be 2013.

### **Legal Analysis :**

The amendment revises 26-51-201(a)(2) in Section 1 of the bill to set the top tax rate at 7% on any net income that is \$34,000 and above..