

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1966

Amendment Number: Engrossment 4/16/13 (Am. #S1)

Bill Subtitle: TO AMEND THE LAWS CONCERNING THE STANDARD DEDUCTION AND THE INCOME TAX ON CAPITAL GAINS.

Basic Change :

Rep. Carter, Collins

Senator J. Dismang

Senate Amendment 1

The amendment deletes the previous language and adds new language to increase the standard deduction from the current \$2,000 to \$2,200. In the case of a married couple, each spouse is entitled to the standard deduction; increases the current 30% capital gains exemption from Individual income tax to a 50% exemption; changes the effective date to tax years beginning on or after January 1, 2015.

Revenue Impact :

FY2014 - No Impact

FY2015 - \$9.7 M loss (Cap Gain provision - \$7.9M; Std. Ded. provision - \$1.8M)

FY2016 - \$19.7 M loss (Cap Gain provision - \$16.1M; Std. Ded. provision - \$3.6M)

Taxpayer Impact :

Taxpayers claiming the standard deduction will owe less tax liability. Taxpayer must maintain documentation relating to any transactions that qualify for the net capital gain income tax exemptions.

Resources Required :

Booklet changes, changes in forms, changes in computer programs and changes in return processing procedures.

Time Required :

Adequate time is provided.

Procedural Changes :

Forms and instructions, computer programs, employee training and processing procedures need to be modified. Taxpayers, tax preparers and software companies will need to be informed.