

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1191

Bill Subtitle: TO AMEND THE STANDARD DEDUCTION FOR INCOME TAX PURPOSES; AND TO INCREASE THE STANDARD DEDUCTION.

Basic Change :

Sponsors: Rep. Ray and Sen. M. Johnson

HB1191 would increase the individual income tax standard deduction in § 26-51-430(b) from \$2,200 to \$4,400 per individual taxpayer. The bill would likewise increase the individual income tax standard deduction for married couples to \$4,400 per spouse. The increased standard deduction would be effective for tax years beginning on and after January 1, 2021.

Revenue Impact :

FY2022 - \$64.9 Million Reduction in State General Revenue

Taxpayer Impact :

Approximately 630,000 taxpayers that claim the standard deduction will receive a reduction in tax due to the standard deduction increase from \$2,200 to \$4,400 effective for tax years beginning on and after January 1, 2021.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

DFA employees will need to be educated as well as the tax community.

Other Comments :

None.

Legal Analysis :

None.