

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1792

Amendment Number: Engrossment 3/27/13 (Am. # H1)

Bill Subtitle: TO REDUCE TAXES.

Basic Change :

Representative Baine

This bill increases the standard deduction from \$2,000 to \$3,000 per taxpayer. In the case of a married couple, each spouse is entitled to the increased standard deduction. The bill is effective for tax years beginning on or after January 1, 2013.

Revenue Impact :

FY2014 - \$17.3 m loss

FY2015 - \$17.6 m loss

Taxpayer Impact :

Individual income tax filers that claim the standard deduction would owe less state income tax.

Resources Required :

Tax tables and computer systems must be updated.

Time Required :

Adequate time is provided.

Procedural Changes :

Tax forms and instructions will need to be modified.

Legal Analysis :

The standard deduction that may be claimed when computing annual Arkansas individual income tax liability is increased from \$2,000 to \$3,000. The bill's provisions will apply to tax years beginning on or after January 1, 2013.