

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1252**

**Bill Subtitle: TO AMEND THE INCOME TAX DEDUCTION ALLOWED FOR MEDICAL AND DENTAL EXPENSES; AND TO REMOVE THE THRESHOLD FOR CLAIMING AN INCOME TAX DEDUCTION FOR MEDICAL AND DENTAL EXPENSES.**

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### **Basic Change :**

**Sponsor: Representative Rye**

HB1252 amends § 26-51-423(a)(2) to allow the medical expense deduction to be the entire amount of unreimbursed expenses for tax years beginning on and after January 1, 2018. Currently the amount is reduced by either 7.5% or 10% of Adjusted Gross Income depending upon the age of the taxpayer.

### **Revenue Impact :**

**FY2019** \$23.3M per year reduction to General Revenue

### **Taxpayer Impact :**

A taxpayer will no longer be subject to the 7.5% or 10% floor for purposes of claiming deductions for medical and dental expenses on his or her income tax return.

### **Resources Required :**

Tax forms and instructions will need to be revised, along with programming of the processing system.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

None.

### **Other Comments :**

Non.

### **Legal Analysis :**

Currently, § 26-51-426(a)(2) adopts 26 U.S.C. § 213 for purposes of computing medical and dental expense deductions for state income tax. However, the federal provision limits the deductions to 10% for most taxpayers of adjusted gross income. This bill proposes to amend § 26-51-426(a)(2) by removing the 10% limitation and allow itemized deductions for the total amount of unreimbursed medical and dental expenses.