

Department of Finance and Administration

Amended Legislative Impact Statement

Bill: HB1012

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

Basic Change :

Sponsor: Rep. Ray

HB1012 amends § 26-51-430(b) to increase the individual income tax standard deduction from \$2,200 to \$4,400 per individual taxpayer. The bill also increases the individual income tax standard deduction for married couples from \$2,200 to \$4,400 per spouse. The increased standard deduction is effective for tax years beginning on or after January 1, 2023.

Revenue Impact :

FY2023 – \$34.2 Million General Revenue Reduction

FY2024 – \$68.4 Million General Revenue Reduction

[The estimated revenue impact was determined based on returns filed for 2020 tax year claiming the standard deduction multiplied by the effective tax rate for the year. The total of \$68.4M is derived from a \$59.3M impact for additional standard deductions plus \$9.1 M in additional deductions available for itemized deduction filers with less than \$4,400 per taxpayer. Approximately 585,000 returns claimed the standard deduction and an estimated additional 104,000 additional standard deduction claims would likely be made due to the increase in the amount available for taxpayers that previously claimed itemized deductions.]

Taxpayer Impact :

A taxpayer that claims the standard deduction will benefit from reduced tax liability.

Resources Required :

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

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Individual Income Tax forms and instructions will need to be updated. Department employees will need to be educated as well as the tax community.

Other Comments :

None.

Legal Analysis :

None.