

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-1742/1	Introduction Number SB-018
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Description
 increasing the maximum deduction under the individual income tax sliding scale standard deduction

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By LFB/ Rick Olin (608) 266-3847	Authorized Signature Bob Lang (608) 266-3847	Date 2/4/2019
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Fiscal Estimate Narratives

LFB 2/4/2019

LRB Number	19-1742/1	Introduction Number	SB-018	Estimate Type	Original
Description increasing the maximum deduction under the individual income tax sliding scale standard deduction					

Assumptions Used in Arriving at Fiscal Estimate

The bill would increase the maximum deduction by 20.6% for each filer type, increase the income levels for beginning the deduction phaseout by 17.6%, and modify each of the phaseout percentages so that they are closer together beginning in tax year 2020. In addition, the bill would direct DOR to adjust the withholding tables no later than January 1, 2020, to reflect the proposed changes to the sliding scale standard deduction.

The bill would reduce individual income tax collections by an estimated \$338.1 million in tax year 2020 and \$350.0 million in tax year 2021. Relative to the tax year 2020 amount, the withholding tables change would result in a revenue reduction of \$152.1 million in 2019-20. The balance of the tax year 2020 estimated revenue reduction, \$186.0 million, would occur in 2020-21, along with a revenue reduction of \$157.5 million related to the tax year 2021 withholding table effect. The total revenue reduction for 2020-21 is estimated at \$343.5 million (\$186.0 million + \$157.5 million), and the reduction for the 2019-21 biennium is estimated at \$495.6 million.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 19-1742/1		Introduction Number SB-018	
Description increasing the maximum deduction under the individual income tax sliding scale standard deduction			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): -\$152,100,000 in 2019-20 in GPR-Taxes. See text.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes	\$		\$-343,500,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-343,500,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-343,500,000	\$
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		Date	
		2/4/2019	