

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1972-01
Bill No.: SB 677
Subject: Taxation and Revenue - Income
Type: Original
Date: April 14, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$66,000,000	\$15,000,000	\$0
Total Estimated Net Effect on General Revenue Fund	\$66,000,000	\$15,000,000	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration, Division of Budget and Planning (BAP)** assume this bill would “decouple” the state income tax from the federal accelerated depreciation law passed in March 2002 for Fiscal Year 2004 and beyond. This would result in an estimated gain to state general revenue of:

FY 2004	\$66.0 million
FY 2005`	\$15.0 million

This gain would accrue to the corporate income tax. This estimate is based upon an estimate of the impact of the accelerated depreciation on federal revenues provided by the Joint Committee on Taxation of the U.S. Congress.

This proposal would increase total state revenue and would not affect BAP.

Officials of the **Department of Revenue (DOR)** did not respond to our fiscal note request. However, in response to SB 1248 from the 2002 session, DOR did not have an administrative impact to the similar proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

Income - General Revenue

Increase in tax due to decoupling from federal accelerated depreciation	<u>\$66,000,000</u>	<u>\$15,000,000</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS	<u>\$66,000,000</u>	<u>\$15,000,000</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal makes the federal accelerated depreciation decoupling from SB 1248 (2002) permanent.

Returns the current income tax law regarding tangible property depreciation to pre-March 2002 law in reference to the September 11, 2001 terrorist attacks. This proposal only affected items purchased between July 1, 2002 to June 30, 2003.

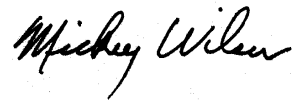
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of Administration
Division of Budget and Planning

NOT RESPONDING: Department of Revenue

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

MICKEY WILSON, CPA
DIRECTOR
APRIL 14, 2003