

fails 4-12

Senator Johnson
Senator Roys
Representative Goyke
Representative McGuire

GENERAL FUND TAXES

Omnibus Motion
[LFB Paper #360 thru #366, #385, #395, and #396]

Motion:

Move to incorporate the following items into the substitute amendment.

Income and Franchise Taxes

1. *Internal Revenue Code (IRC) Update (Papers #360 and #361)*. Adopt the federal tax provisions recommended under AB 43/SB 70, including revisions to state statutes to simplify the legal references to the federal IRC, and adopt the provisions of the federal Consolidated Appropriations Act of 2023. Provide that changes to Section 529 of the IRC related to college savings plans are automatically adopted for state tax purposes, beginning in tax year 2022. Estimate increased income and franchise tax collections of \$4,200,000 in 2023-24 and \$2,400,000 in 2024-25. Estimate increased TANF expenditures for refundable tax credits of \$950,000 in 2023-24 and \$1,150,000 in 2024-25, and increased GPR expenditures of \$450,000 in 2023-24 and 2024-25 (Alternative 2a in LFB Paper #360 and Alternative 1 in LFB Paper #361).
2. *Expand Child and Dependent Care Credit (Paper #362)*. Expand the state credit for child and dependent care expenses to equal 100% of the corresponding federal credit claimed on the claimant's federal income tax return in the same tax year, beginning in tax year 2023. Estimate reduced individual income tax collections of \$27,280,800 in 2023-24 and \$27,829,900 in 2024-25 (Alternative A1 in LFB Paper #362).
3. *Expand Retirement Income Exclusion (Paper #364)*. Expand the current law exclusion for income received from a qualified retirement plan by a person aged 65 or older who meets certain income requirements, beginning in tax year 2023. Provide that the maximum annual exclusion is increased to \$5,500. Increase the maximum federal adjusted gross income (AGI) amounts used to determine eligibility for the exclusion to be less than: (a) \$30,000 for single and head-of-household filers; and (b) \$60,000 for married filers. Stipulate that, for filers with federal AGI above these thresholds, no exclusion is permitted. Estimate reduced individual income tax collections of \$4,500,000 in 2023-24 and \$4,100,000 in 2024-25 (Alternative 1a in LFB Paper #364).
4. *Tax Law Change Interactive Effects (LFB Summary Page 204, #21)*. Estimate a minimal change to income and franchise tax collections to reflect the interactive effects of the proposed tax changes under the motion.

Refundable Tax Credits and Other Payments

5. *Increase Refundable Portion of Research Credit (Paper #395)*. Expand the partially refundable research tax credit (including the engine and energy efficiency credits), as computed under current law, to increase the refundable portion from 15% of the credit amount to 50% of the credit amount for taxable years beginning after December 31, 2023. Increase estimated expenditures for refundable research credit claims by \$16,100,000 GPR in 2024-25 and by \$64,400,000 GPR annually beginning in 2025-26. (Alternative 1 in LFB Paper #395).

6. *Enterprise Zone Credit Reestimate (Paper #396)*. Increase funding under the sum sufficient GPR appropriation for the enterprise zone program by \$525,000 in 2024-25. As a result, total estimated GPR funding for the credit would be \$54,100,000 in 2023-24 and \$36,025,000 in 2024-25.

Note:

This motion addresses items described in LFB Papers #360 through #366, #385, #395, and #396. A listing of the fiscal effect of each item in this motion is provided in the table below. Other items previously addressed in other motions, such as sum sufficient estimates adopted under Motion 12, are not shown below.

FISCAL EFFECT OF MOTION #118 (Change to Base)

	<u>2023-24</u>	<u>2024-25</u>	<u>Biennium</u>	<u>Source</u>
IRC Update	\$4,200,000	\$2,400,000	\$6,600,000	GPR-Tax
	450,000	450,000	900,000	GPR
	950,000	1,150,000	2,100,000	PR (TANF)
Expand Child and Dependent Care Credit	-27,280,800	-27,829,900	-55,110,700	GPR-Tax
Expand Retirement Income Exclusion	-4,500,000	-4,100,000	-8,600,000	GPR-Tax
Interactive Effects	Minimal	Minimal	Minimal	GPR-Tax
Expand Refundable Research Credit	0	16,100,000	16,100,000	GPR
Enterprise Zone Credit Reestimate	0	525,000	525,000	GPR
Subtotal	-\$27,580,800	-\$29,529,900	-\$57,110,700	GPR-Tax
	450,000	17,075,000	17,525,000	GPR
	950,000	1,150,000	2,100,000	PR (TANF)
Net Effect on General Fund	-\$28,030,800	-\$46,604,900	-\$74,635,700	