

Fiscal Estimate Narratives

DOR 10/24/2011

LRB Number	11-3133/1	Introduction Number	SB-236	Estimate Type	Original
Description Grants to technical college districts to reduce unemployment; creating a new individual income tax upper bracket; providing an exemption from emergency rule procedures; granting rule-making authority; and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, there are five income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; the rate for the fourth bracket is 6.75 percent; and the rate for the highest bracket is 7.75 percent.

For tax year 2012, the highest bracket will apply to taxable income exceeding \$232,660 for single individuals, certain fiduciaries, and heads of households. For married persons, the highest current bracket will apply to taxable income exceeding \$310,210 for joint filers and \$155,110 for separate filers.

This bill creates a sixth bracket with a tax rate of 8.75 percent beginning for tax year 2012. For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding \$1,000,000. For married persons, this bracket applies to taxable income exceeding \$1,000,000 for joint filers and \$500,000 for separate filers. This bracket is indexed for inflation.

Based on simulations using the 2008 individual income tax model, adjusted for income and inflation, the bill is expected to increase revenue by \$40.2 million in fiscal year 2012, \$94.9 million in fiscal year 2013, and \$104 million in fiscal year 2014 and annually thereafter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Grants to technical college districts to reduce unemployment; creating a new individual income tax upper bracket; providing an exemption from emergency rule procedures; granting rule-making authority; and making appropriations			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$SeeText	\$
Agency/Prepared By			
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