

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB2949</b>
<b>Version:</b>	<b>FA 1</b>
<b>Request Number:</b>	<b>10754</b>
<b>Author:</b>	<b>Speaker McCall</b>
<b>Date:</b>	<b>3/12/2024</b>
<b>Impact:</b>	<b>Please see previous summary of this measure</b>

**Research Analysis**

The floor substitute for HB2949 establishes revenue triggers to allow the personal income tax rate to be lowered in future years beginning tax year 2025. The tax rate for every tax bracket may decrease by 0.25 every year that the cumulative revenue growth is equal to or greater than \$400 million. When the tax rate has been reduced to 3.0 percent, the rate may be reduced further by 0.3 each year until the rate is zero and the personal income tax is completely phased out after 10 years.

**DIFFERENCES BETWEEN FLOOR SUBSTITUTE AND COMMITTEE SUBSTITUTE VERSION**

The committee substitute had replaced the bracket system with a flat tax 4.4 percent tax, applicable to income above \$10,000 for single filers or \$20,000 for joint filers. The floor substitute maintains the current rate and does not establish a flat tax or provide an immediate tax reduction.

Both the floor and committee substitute include a framework to reduce the income tax rate with a \$400 million revenue trigger requirement. The only difference between the committee substitute and floor substitute is the rate reduction amount for each increment. In the committee substitute, the rate beginning at 4.4 percent decreases by .233 each time and the 3.0 percent rate would be reached in six successful cycles. In the floor substitute, the rate beginning at the current rate of 4.75 percent decreases by .25 each time and the 3.0 percent rate would be reached in seven successful cycles.

The floor substitute also does not propose a renewable electricity production tax, whereas the committee substitute did.

Prepared By: Quyen Do

**Fiscal Analysis**

The measure is currently under review and impact information will be completed.

Prepared By: House Fiscal Staff

**Other Considerations**

None.

