

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	HB2950
Version:	FA 1
Request Number:	10755
Author:	Speaker McCall
Date:	3/12/2024
Impact:	Please see previous summary of this measure

Research Analysis

The floor substitute for HB2950 replaces the bracket system for personal income tax with a 4.75 percent flat tax beginning tax year 2025, applicable to income above \$13,350 for single filers or \$27,100 for joint filers, heads of households and qualifying widowers. The measure also establishes revenue triggers to allow the personal income tax rate to be lowered in future years beginning tax year 2025. The tax rate 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 proposed a .25 percent tax cut for all brackets effective tax year 2024. The floor substitute does not provide an immediate tax reduction and instead establishes a 4.75 percent flat tax beginning tax year 2025.

The floor substitute includes a framework to reduce the income tax rate in the future with a \$400 million revenue trigger requirement. The committee substitute did not include a mechanism for future rate reductions.

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.

