

State Revenue

This bill will reduce General Fund revenue by at least \$321,839 in FY 2015-16, and at least \$648,828 in FY 2016-17 and future years.

These estimates are based on 2012 income tax returns. In 2012, 1,687 taxpayers deducted a total of \$1,355,421 under the wildfire mitigation income tax deduction. As a result, this deduction reduced total state income taxes by \$62,755. Since an income tax credit reduces a final tax bill dollar for dollar, state revenue would have been reduced by an additional \$1,292,665 under the bill, or the net difference between the value of the deduction (\$62,755) and the value of the credit (\$1,355,421), if it was available. The 2012 data were adjusted by population growth to obtain the 2015 estimates, the first year the income tax credit is available. The FY 2015-16 estimate is for one-half year on an accrual accounting basis. Finally, it is important to note that the actual impact on state revenue may be higher than the amount identified here because income tax credits are typically more attractive than income tax deductions, and the added value to taxpayers may increase wildfire mitigation efforts beyond the current level.

State Expenditures

The bill increases Department of Revenue General Fund expenditures by \$18,540 for one-time costs in FY 2014-15.

Programming costs. This bill will require an estimated 90 hours of computer programming of the GenTax system, paid at a rate of \$206 per hour, or \$18,540 in one-time programming costs for FY 2014-15.

Taxpayer Service Section. The fiscal note assumes the number of income tax returns that will need to be verified will increase, but since the review will be similar to the review of the current tax deduction, no additional appropriations are required.

Effective Date

The bill was lost on second reading in the Senate on May 2, 2014.

State Appropriations

For FY 2014-15, The Department of Revenue requires a General Fund appropriation of \$18,540 for computer programming.

State and Local Government Contacts

Natural Resources

Revenue