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FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
Analyst: *JLM 4/15/92*
las
Version:

BILL NUMBER: SHB 5914
FILE NUMBER:
AMENDMENTS:

TITLE: "AN ACT MAKING CERTAIN AMENDMENTS AND CORRECTIONS TO THE PERSONAL INCOME, GIFT, SALES AND USE, MOTOR VEHICLE FUELS AND CORPORATION BUSINESS TAXES AND THE ECONOMIC RECOVERY FUND ENACTED OR AMENDED IN 1991"

FAVORABLY REPORTED BY Finance, Revenue and Bonding

EFFECTIVE DATE: Upon Passage and applicable to 1992 income years and thereafter

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5914

STATE IMPACT	One-Time Revenue Loss, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Revenue Services

EXPLANATION OF ESTIMATES:

The change in the percentage of estimated tax payment for nonwithheld income due under the Income Tax is expected to result in a one-time revenue loss of \$12 million in FY 92. An additional minimal revenue loss is expected in subsequent years because fewer taxpayers will be assessed interest and penalties.

A net revenue gain of \$1 million is expected from (1) disallowing the deduction of expenses connected with income which is exempt from Connecticut taxation and (2) allowing deduction of expenses connected with income which is exempt from federal taxation but taxable for Connecticut purposes.

The revenue impact from applying the interest rate of 1.25% to tax underpayments due to mathematical errors cannot be determined because it is unclear at present how the Department of Revenue Services will apply interest to these returns under current law.

The impact of allowing taxpayers to request a refund of state income tax after the normal three-year period has expired is expected to be minimal.

No revenue impact is expected from requiring the add-back of any Connecticut income tax deductible in computing federal AGI, limiting moving expense exclusion to the federally-deductible amount, and requiring the add-back of lump sum distributions to beneficiaries as these provisions conform the statutes

to current practice of the Department of Revenue Services.