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HOUSE FISCAL AGENCY

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HB4480 SUBSTITUTE
H-2

Sponsor
Committee

Rep. Ken Bradstreet
TAX POLICY

Analyst(s) Ross, Rebecca

Completed 3/26/01

State Fiscal Impact

Cost	Increase
Revenues	None

Local Fiscal Impact

Cost	None
Revenues	None

House Bill 4480 (H-2) would amend the income tax act to extend the sunset through 2004, expand the eligibility from 110% of the poverty level to 125% of the poverty level, and eliminate the alternate credit. In addition, HB 4480 (H-2) would change the percentage of household income used to calculate the credit from 3.5% to 3.8% in tax year 2000, and the credit % would vary with the weighted total price of natural gas in subsequent years. The weighted total price of natural gas would be equal to the price of natural gas charged to its residential customers by each utility's market share.

In addition, as reported from committee, HB 4480 (H-2) extends the proration of the home heating credit to 2004, if the amount available for the credit is greater than the amount needed to fully fund the credit. However, it should be noted that the intent of this package of bills is to not prorate the home heating credits, therefore technical changes will be needed to conform to the intent.

The fiscal impact of HB 4480 (H-2) depends on the number of households at or below 125% of the poverty level, the number of taxpayers age 65 or older living alone, and the standard credit relative to 3.8% (in the first year) of household income. For FY 2001-02, the fiscal impact, assuming no proration of the credits, would be an estimated \$100 million. This fiscal impact includes \$55 million, which is the estimated amount to continue the home heating credit with no changes.