

SB 144 STAFF MEASURE SUMMARY

Senate Committee On Human Services, Mental Health and Recovery

Action Date: 04/01/21

Action: Do pass and refer to Tax Expenditures by prior reference.

Vote: 4-0-1-0

Yeas: 4 - Anderson, Gelser, Lieber, Taylor

Exc: 1 - Robinson

Fiscal: No fiscal impact

Revenue: Revenue impact issued

Prepared By: C. Ross, Counsel

Meeting Dates: 3/25, 4/1

WHAT THE MEASURE DOES:

Continues tax credit for Severe Disability from January 1, 2022 to January 1, 2026.

ISSUES DISCUSSED:

- Tax credit review process; overview of this credit; Legislative Revenue Office's Research Report No. 2-21
- Longstanding tax credits that are not about incenting behavior, that meet their purpose continuously (this credit enacted in 1985)
- Importance of credit to target population; making value statement that recognizes and respects circumstances of target population

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Most taxpayers can claim a personal exemption credit for themselves, and may claim a spouse, and dependents, as applicable. Taxpayers may not claim a personal exemption credit if they are claimed as a dependent on someone else's tax return, or if they are a single filer with an adjusted gross income (AGI) exceeding \$100,000, or a joint filer with AGI exceeding \$200,000. Individuals with certain defined severe disabilities are allowed an additional personal exemption credit against personal income taxes; up to two for qualifying joint filers. The purpose of the Severe Disability credit is to provide financial assistance or some offset against costs associated with the disability. (Research Report No. 2-21, *Tax Credit Review: 2021 Session*, Legislative Revenue Office, January 28, 2021, pp. 49 - 51.)

The tax credit for Severe Disability is currently scheduled to expire January 1, 2022. Senate Bill 144 extends the tax credit for Severe Disability until January 1, 2026.