

AMENDED NOTE

Passage of this bill could result in a decrease to the Uniform School Fund of \$89,000,000 beginning in FY 2001. The loss would increase to approximately \$181,000,000 in FY 2002. The Tax Commission will require an appropriation of \$30,000 in FY 2000 and FY 2001 to implement the provisions of the bill. The bill also requires an appropriation from the General Fund to replace lost revenue in the Uniform School Fund. Based on the forecast loss the appropriation would be \$89,000,000 in FY 2001. Beginning in FY 2002 the bill will shift the income tax credit to a sales tax exemption and the General Fund loss would be \$62,239,000 for the 5 months it is effective in FY 2002. However, there will still be a Uniform School Fund Loss of approximately \$181,000,000 in FY 2002 which would require an appropriation from the General Fund. Therefore the cost of the bill in FY 2002 would be \$243,239,000 in General Fund. For a full year implementation as a sales tax exemption the General Fund loss is approximately \$155,600,000.

	<u>FY 00 Approp.</u>	<u>FY 01 Approp.</u>	<u>FY 00 Revenue</u>	<u>FY 01 Revenue</u>
General Fund	\$0	\$89,000,000	\$0	\$0
Uniform School Fund	\$30,000	\$30,000	\$0	(\$89,000,000)
TOTAL	<u><u>\$30,000</u></u>	<u><u>\$89,030,000</u></u>	<u><u>\$0</u></u>	<u><u>(\$89,000,000)</u></u>

Individual and Business Impact

The average impact on a taxpayer would be \$40 for each personal exemption claimed in FY 2001 and \$80 for each personal exemption claimed in FY 2002.

Office of the Legislative Fiscal Analyst