

AMENDED BILL

State Impact

Passage of this bill would result in a Uniform School Fund loss of \$42,750,000 in FY 2003 and a loss of \$87,211,000 in FY 2004. In FY 2005 there would be a potential Uniform School Fund loss of \$133,433,000. There is also a potential loss in FY 2005 of \$67,400,000 in General Fund resulting from the shift to a sales tax exemption for food for the last half the fiscal year. The loss of Uniform School Fund in FY 2003 and FY 2004 would be offset by a transfer of General Fund into the Uniform School Fund. In FY 2005 the full phase in of the sales tax exemption on food could result in a loss to the General Fund of \$161,700,000.

The Tax Commission would require an appropriation of \$24,400 in FY 2002 and an appropriation of \$242,400 in FY 2003 to implement the provisions of the bill. The Attorney General's Office would also require an appropriation of \$56,600 to implement the provisions of the bill.

| | <u>FY 02 Approp.</u> | <u>FY 03 Approp.</u> | <u>FY 02 Revenue</u> | <u>FY 03 Revenue</u> |
|---------------------|------------------------|----------------------------|----------------------|------------------------------|
| General Fund | \$24,400 | \$42,774,400 | \$0 | \$0 |
| Uniform School Fund | \$0 | \$0 | | (\$42,750,000) |
| TOTAL | <u><u>\$24,400</u></u> | <u><u>\$42,774,400</u></u> | <u><u>\$0</u></u> | <u><u>(\$42,750,000)</u></u> |

Individual and Business Impact

Taxpayers would receive a tax refund of \$20 for each personal exemption claimed on returns for the taxable year starting in calendar year 2002 and a refund of \$40 for each personal exemption claimed on returns for the taxable year starting in calendar year 2003. This exemption would increase again in calendar year 2005 to \$60. Beginning in January, 2004, consumers would not pay the state sales tax on food purchases. Food retailers would incur costs to convert equipment and train employees to handle the food tax exemption.
