

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 56<sup>th</sup> Legislature

|                        |   |
|------------------------|---|
| <b>Bill No.:</b>       | <b>HB 3537</b>                                |
| <b>Version:</b>        | <b>SUBREC</b>                                 |
| <b>Request Number:</b> | <b>NA</b>                                     |
| <b>Author:</b>         | <b>Rep. Caldwell</b>                          |
| <b>Date:</b>           | <b>2/26/2018</b>                              |
| <b>Impact:</b>         | <b>Tax Commission:</b>                        |
|                        | <b>Potential Income Tax Revenue Decrease:</b> |
|                        | <b>FY-19: \$10.0 Million</b>                  |
|                        | <b>FY-20: \$3.75 Million</b>                  |

**Research Analysis**

Pending

Prepared By: House Research Staff

**Fiscal Analysis**

From the Tax Commission:

**Revenue Impact:**

This measure allows an additional \$10 million in credits to be generated in 2018, and an additional 25% each year thereafter if contributions are equal or exceed 85% of the authorized total credits the immediate preceding tax year. The potential impact for 2018 is \$10 million, for 2019 is \$3.75 million (\$15 million x 25%), and for each year thereafter a potential additional 25% of the total credits of the immediate preceding tax year. No changes to withholding or estimated tax are expected; therefore, a potential decrease in income tax collections of \$10 million may occur in FY19 when the 2018 income tax returns are filed, and a potential decrease in income tax collections of \$3.75 million may occur in FY20. If certain conditions are met<sup>2</sup> the cap will increase every year, resulting in a decrease in income tax collections each year.

Prepared By: Mark Tygret

**Other Considerations**

None.