

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/22/2010

Bill/Resolution No.: HB 1072

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1072 allows a deduction for married joint filers to potentially prevent an increase in state income tax revenues associated with a “marriage penalty” contained within the federal standard deduction.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

During most of the last decade, the federal standard deduction for married joint filers was twice that of single filers, so there was no “marriage penalty” contained within the standard deduction. That component of federal tax code originally had an expiration date in 2011 and it appeared possible that a marriage penalty was again going to apply to the federal standard deduction. The effect of this marriage penalty would be an increase in taxable income for both federal and state income tax purposes, resulting in increased tax liabilities for married taxpayers.

This bill would reduce the taxable income of married joint filers for state purposes by the amount of the marriage penalty and reduce state tax liabilities accordingly.

Last month, the federal provisions were extended temporarily, so HB 1072 currently would have no fiscal impact. If enacted, HB 1072 would insure that in the future there would be no state income tax windfall associated with a federal marriage penalty component in the standard deduction, should the current federal extension be allowed to expire.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency*

*and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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