

HOUSE RESEARCH

Bill Summary

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Subject: Income Tax Rebate
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Overview

This bill provides a rebate of 1997 income tax liability. The rebate equal to 100 percent of the first \$150 of tax and 20 percent of the amount above that. The maximum rebate is \$7,600 for married joint filers and \$3,800 for all other filers. The rebate is to be paid within 60 days after enactment of the bill.

Section

1 Rebate. Directs the commissioner of revenue to pay an income tax rebate to taxpayers who paid individual income tax for tax year 1997.

Amount of rebate. The rebate equals the sum of:

100% of the first \$150 of income tax liability
+
20% of tax liability over \$150.

The maximum rebate is \$7,600 for married joint filers and \$3,800 for all other filers (single, head of household, married separate, estates, and trusts).

Payment dates. The rebate must be paid within 60 days after final enactment of the bill for returns filed before January 1, 1999. If the 1997 return is filed after December 31, 1998, then the rebate must be paid by 90 days after the commissioner receives the return. The state will pay interest if the rebate is not paid by this deadline.

Offsets. The rebate cannot be used to offset interest and penalties for underpayment of estimated tax for taxable year 1997. Payment of the rebate may be offset under the Revenue Recapture Act or for unpaid taxes or other debts owed to the state.

2 Appropriation. Appropriates an amount sufficient to pay the rebate to the commissioner of revenue. The first \$200 million of this appropriation is from the tax reform and reduction

account.

\$2 million is appropriated to the Commissioner of Revenue to administer the rebate.

3 **Effective date.** Provides the bill is effective the day following final enactment.