

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6465

BILL NUMBER: HB 1665

DATE PREPARED: Jan 16, 1999

BILL AMENDED:

SUBJECT: Income tax credit based on years of marriage.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			(323,500,000)
State Expenditures			
Net Increase (Decrease)			(323,500,000)

Summary of Legislation: This bill provides an income tax credit for joint income tax filers against their state income tax liability based on the length of time the joint filers have been married. The credit is equal to 1% of the taxpayer's income tax liability for each year of marriage.

Effective Date: January 1, 2000.

Explanation of State Expenditures:

Explanation of State Revenues: This bill will result in a reduction of Individual Income Tax revenue. For tax year 1996, 72.3% of individual income tax revenue was paid by taxpayers filing a joint return. Based on forecasted revenue for FY 2001, the first year of impact, it is estimated that approximately \$2,995,900,000 of individual income tax will be paid by taxpayers filing a joint return. In 1990, the median length of marriages which ended in divorce was 7.2 years. Data describing the median length of divorce for marriages that do not end in divorce is not available. For purposes of this analysis, it is assumed to be 14.4 years. Using these assumptions, it is estimated that the amount of revenue loss for FY 2001 will be \$323.5 million.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of State Revenue.

Local Agencies Affected:

Information Sources: Indiana Department of State Revenue Individual Income Tax Statistics, 1996;
Statistical Abstract of the United States, 1997, Table 149.