Senate Finance Committee
Consideration of Tax Credit Bills
Chairman Colgan

Effective January 1, 2012, tax credits will be considered only in a session when a biennial budget is being adopted.

Principles for Considering Current and Future Tax Credit Bills

- Tax credits will be allowed to reduce up to 50 percent of a taxpayer's income tax liability; they will not be refundable or transferable.
  - If a payment to taxpayer is desired, it should take the form of an appropriated grant.
- All tax credits will have a five-year sunset.
- Tax credits must apply to a single, specific purpose rather than being applied broadly to a class of entities.
- The above principles will apply when considering a proposed expansion of an existing tax credit.

Committee Policies for Considering Tax Credit Bills

- Tax credit bills will be scheduled during the final week for Committee action on bills, in order to provide maximum time for revenue impact statements to be developed;
- If TAX Department says the revenue impact is unknown, the Chairman will move that the bill be passed by for the year and will refer the bill by letter to the JLARC Fiscal Impact unit for revenue impact analysis during the interim.
- Before tax credit bills are taken up by the Committee, staff will provide a cumulative dollar total of the budget impact (revenue and expenditure) from bills already passed by the Committee.