

beginning of the taxable year or by the last day of the taxable year.

Tax Revenue Estimate

Revenue losses under the Personal Income Tax Law are estimated to be as follows:

Effective Tax Years After December 31, 1997 Assumed Enactment After June 30, 1998 (in millions)		
1998-9	1999-0	2000-1
(\$1,215)	(\$895)	(\$910)

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

The above revenue impact was based on the personal income tax model for taxpayers claiming the over 65 exemption credit.

Tax Revenue Discussion

The following table indicates the revenue losses by taxable years. This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this measure. Some taxpayer behavior would be expected (i.e. reporting additional income due to the tax reduction), but would be minor (gains less than \$500,000 annually).

Taxable Years (in millions)		
1998	1999	2000
(\$860)	(\$890)	(\$905)

The estimate for the first fiscal year (1998-9) includes all of the 1998 tax year impact plus 40% of the 1999.

Board Position

Neutral.

At its March 26, 1998, meeting the Franchise Tax Board voted 2-0 to take a position of neutral on this bill, with Robin J. Dezember, on behalf of Member Craig L. Brown, abstaining.