

## 2006 Tax Fairness Proposals

<b>Tax Plan</b>	<b>Current</b>	<b>Riley / Love</b> HB 290	<b>Riley / Knight</b> HB 292 sub	<b>Knight/Lindsey</b> HB 292sub <sup>2</sup>	<b>Knight Arise</b> HB 291, 292
<b>Reform strategy</b>		Increase income tax deductions modestly over five years.	Increase income tax deductions more modestly to limit drain on ETF.	Increase income tax deductions primarily at lower incomes.	Increase income tax deductions to federal levels and end deduction for federal income tax.
<b>Fully implemented</b>		2011	2011	2007	2007
<b>Personal exemption</b>	\$1,500 per adult	\$1,600 per adult in 2007 \$2,000 in 2011	\$1,550 per adult in 2007 \$1,700 in 2011	No change: \$1,500 per adult.	\$3,200 per adult in 2007*
<b>Dependent deduction</b>	\$300 per child	\$750 per child in 2007 \$2,000 in 2011	\$400 per child in 2007 \$1,000 in 2011	\$1,000/child under \$20,000; \$500/child up to \$100,000	\$3,200 per child in 2007*
<b>Standard deduction</b>	\$4,000 max; 20% below \$20,000	\$4,000 per couple in 2007 \$7,000 per couple in 2011	\$4,000 per couple in 2007 \$7,000 per couple in 2011	\$2,500/single under \$20,000, \$4,000 head of household, \$7,500 per couple; no change above \$20,000	\$10,000/couple in 2007*
<b>Inflation adjustment</b>		None	None		Increases as federal deductions grow.
<b>Deduction for federal income tax</b>	Yes	Yes	Not allowed		Not allowed
<b>Maximum family tax cut in 2007</b>		\$55 for family of 4 in '07 (under \$20,000 income, cut can be up to \$126); by 2011, \$370 if owe that much	\$15 for family of 4 in 2007 (if under \$20,000 income, cut can be up to \$100); by 2011, up to \$240; as much as \$256 below \$20,000 income	\$260 for family of 4 in 2007 at \$15,000 income; \$166 at minimum wage; above \$20,000 and below \$100,000, \$20 if two kids.	Up to \$760 for two-child family of four in 2007 (between \$28,800 and about \$45,000)
<b>Winners/losers</b>		Small tax cut each year for every filer who owes tax	Small tax cut each year for every filer who owes tax	Tax cuts primarily under \$20,000; none pay more.	3 out of 5 pay less; 1 of 5 pay more; 1 pays same.
<b>Public vote?</b>		No	No	No	Yes
<b>Cost to education budget</b>		\$28 million in 2007; \$233 million in 2011	\$19 million in tax year 2007; \$11.4 million in FY 07; \$133 million in 2011	\$60 million in tax year 2007.	\$ 0 (Revenue-neutral.)
<b>Tax threshold family of 4.**</b>	\$4,600	\$8,800 in 2007; \$15,100 in 2011	\$8,000** in 2007; \$12,500 in 2011	\$12,600** in 2007.	\$22,900* in 2007; grows to about \$27,000 in 2011

\*These numbers are in 2005 dollars. \*\* Income tax threshold calculation: You start to pay tax on the next \$100 after sum of deductions.

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