

HB 823 -- Property Tax Credit, Earned Income Tax Credit, and Deduction for Social Security

Sponsor: Zweifel

Beginning January 1, 2007, this bill changes the qualifications for and the amount of credit allowed under the senior citizen/disabled person property tax credit, commonly known as circuit breaker. The bill also:

(1) Increases from \$2,000 to \$4,000 the amount of the exemption allowed for a married couple;

(2) Increases from \$25,000 to \$30,000 the maximum income allowed to claim the credit and indexes the new amount by the increase in the federal Consumer Price Index in increments of \$100; and

(3) Increases from \$13,000 to \$18,000 the minimum base and indexes the new amount by the increase in the federal Consumer Price Index in increments of \$100.

The bill authorizes a state individual income tax credit equal to 20% of any earned income tax credit claimed by the taxpayer on his or her federal income tax return. The tax credit is not transferable or refundable and cannot be carried forward.

An income tax deduction is authorized for any Social Security benefits or Social Security disability benefits received by married taxpayers who are 65 years of age or older with an annual combined income of \$50,000 or less, or a single taxpayer who is 65 years of age or older with an annual income of \$40,000 or less if the benefits are included in the taxpayer's federal adjusted gross income.

The provisions of the bill will expire on December 31 six years from the effective date.