



# HOUSE BILL 259: 2023 Appropriations Act, Sec. 42.1: Personal Income Tax Rate Reductions

2023-2024 General Assembly

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<b>Committee:</b>		<b>Date:</b>	November 29, 2023
<b>Introduced by:</b>		<b>Prepared by:</b>	Trina Griffin Staff Attorney
<b>Analysis of:</b>	Sec. 42.1 of S.L. 2023-134		

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**OVERVIEW:** Section 42.1 of S.L. 2023-134 accelerates the currently scheduled personal income tax rate reductions for 2024, 2025, and 2026 with successive rate reductions of .5% if General Fund revenues hit certain triggers in certain fiscal years with a floor of 2.49%.

*This section became effective October 3, 2023.*

**CURRENT LAW & BILL ANALYSIS:** This section reduces the personal income tax rate beginning in the 2024 taxable year as follows:

<u>Taxable Years Beginning</u>	<u>Current Law</u>	<u>Rates Under S.L. 2023-134</u>
In 2024	4.60%	4.50%
In 2025	4.50%	4.25%
In 2026	4.25%	3.99%

For future tax years, this section provides additional rate reductions of one-half percentage point (.50%) (for future rates of 3.49%, 2.99%, and 2.49%) but only if total General Fund revenue meets certain amounts in certain fiscal years. In no instance would the rate drop below 2.49%. The term "total General Fund revenue" is the amount stated in the final accounting of total General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the Office of State Controller in August following the end of the fiscal year.

**EFFECTIVE DATE:** This section became effective October 3, 2023.

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