SENATE BILL 257: 2026 Appropriations Act, Sec. 44.1: Personal Income Tax Modifications

2025-2026 General Assembly

Analysis of:	S.L. 2026-41, Sec. 44.1	**Date:**	August 28, 2026
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Section 44.1 of S.L. 2026-41 (Senate Bill 257) makes changes to the schedule of personal income tax rates by replacing the conditional rate reductions for taxable years 2027 through 2034 with set reduced rates and shifting to future years two additional rate reductions that become effective only if General Fund revenues meet certain thresholds. The revised personal income tax rate schedule is as follows:

- 2026: No change; remains at 3.99%
- 2027, 2028, and 2029: 3.49%
- 2030, 2031, and 2032: 3.24%
- 2033 and after: 2.99%

Beginning with the 2035 taxable year and through 2040, there could be up to two additional rate reductions if General Fund revenues meet the specified revenue trigger amounts. The first rate reduction would reduce the tax rate from 2.99% to 2.74%, and the second rate reduction would reduce the tax rate from 2.74% to 2.49%. In no event could the rate be lower than 2.49% during this time frame. Rate reductions become effective in the tax year following the listed fiscal years upon a trigger amount being exceeded.

This section became effective July 7, 2026.