

# 2022 GOVERNOR'S REVISED BUDGET RECOMMENDATIONS - TAX POLICY & PTAC CHANGE ITEM SUMMARY

GOVERNOR'S BUDGET RECOMMENDATIONS | FEBRUARY 22 FORECAST BASELINE

\$\$\$ in thousands | BOLD indicates rows that total | Tax Policy: Negative = Revenue Reduction | Refunds, Aids, & Credits: Negative = Spending Reduction

LINE	ITEM	A FEDERAL ACT	B EFFECTIVE DATE	C GOV FY 2022	D GOV FY 2023	E GOV FY 2022-23	F GOV FY 2024	G GOV FY 2025	H GOV FY 2024-25
<b>GENERAL FUND TAX POLICY RECOMMENDATIONS:</b>									
<b>FEDERAL CONFORMITY - INDIVIDUAL INCOME TAX</b>									
1	GOV - Expansion of Section 529 plans	<b>FCAA</b>	TY19	-	(530)	(530)	(160)	(160)	(320)
2	GOV - Increase charitable deduction limit for food inventory	<b>CARES</b>	TY20 Only	-	(190)	(190)	40	10	50
3	GOV - Inclusion of certain over-the-counter medical products as qualified medical expenses	<b>CARES</b>	TY20 Only	-	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
4	GOV - Exclusion of discharge of indebtedness on qualified principal residence	<b>CAA</b>	TY21-TY25	-	(2,800)	(2,800)	(1,600)	(1,600)	(3,200)
5	GOV - Benefits for volunteer firefighters and emergency responders	<b>CAA</b>	TY21	-	(590)	(590)	(400)	(400)	(800)
6	GOV - Exclusion for certain employer payments of student loans	<b>CAA</b>	TY21-TY25	-	(13,900)	(13,900)	(7,300)	(7,400)	(14,700)
7	GOV - Partial above-the-line deduction for charitable contributions	<b>CAA</b>	TY21 Only	-	(13,900)	(13,900)	-	-	-
8	GOV - Modification of limitation on charitable contributions	<b>CAA</b>	TY21 Only	-	(6,500)	(6,500)	2,700	1,200	3,900
9	GOV - SBA loan assistance exclusion	<b>CAA</b>	TY21 Only	-	(2,700)	(2,700)	(300)	(100)	(400)
10	GOV - Exclusion of shuttered venue grants income	<b>CAA</b>	TY21 Only	-	(2,300)	(2,300)	(400)	(200)	(600)
11	GOV - Accelerated depreciation for business property on Indian reservations	<b>CAA</b>	TY21	-	(80)	(80)	(10)	(Negl.)	(10)
12	GOV - Depreciation of certain residential rental property over 30 years	<b>CAA</b>	TY18	-	(8,200)	(8,200)	(1,100)	(900)	(2,000)
13	GOV - Special expensing rules for certain film, TV, and live theatrical productions	<b>CAA</b>	TY21-25	-	(3,300)	(3,300)	(600)	(600)	(1,200)
14	GOV - Energy-efficient commercial building deduction	<b>CAA</b>	TY21 Only	-	(410)	(410)	(200)	(200)	(400)
15	GOV - Special rule for the production period for beer, wine, and distilled spirits	<b>CAA</b>	TY21	-	(120)	(120)	(40)	(40)	(80)
16	GOV - Special disaster-related rules for use of retirement funds	<b>CAA</b>	TY21-22	-	(10)	(10)	10	-	10
17	GOV - Special rules for qualified disaster-related personal casualty losses	<b>CAA</b>	TY20	-	(900)	(900)	(400)	(400)	(800)
18	GOV - Increase maximum unearned income for working family credit	<b>ARPA</b>	TY21	-	(900)	(900)	(500)	(500)	(1,000)
19	GOV - Increase exclusion for employer-provided dependent care assistance	<b>ARPA</b>	TY21 Only	-	(760)	(760)	-	-	-
20	GOV - Exclusion for certain forgiven student loans	<b>ARPA</b>	TY 21-25	-	(200)	(200)	(100)	(100)	(200)
21	GOV - Extend limitation on excess business losses of noncorporate taxpayers	<b>ARPA</b>	TY26 Only	-	-	-	-	-	-
22	GOV - Exclusion of economic injury disaster loan advances	<b>ARPA</b>	TY21 Only	-	(5,800)	(5,800)	(600)	(300)	(900)
23	GOV - Exclusion of restaurant revitalization grants	<b>ARPA</b>	TY21 Only	-	(4,200)	(4,200)	(400)	(200)	(600)
24	GOV - Private Activity Bonds for Qualified Broadband Projects	<b>IIJA</b>	TY22	-	(80)	(80)	(170)	(290)	(460)
25	GOV - Tax Exempt Bonds for Qualified Carbon Dioxide Capture Facilities	<b>IIJA</b>	TY22	-	(20)	(20)	(20)	(40)	(60)
26	<b>SUBTOTAL: FEDERAL CONFORMITY - INDIVIDUAL INCOME TAX</b>			-	<b>(68,390)</b>	<b>(68,390)</b>	<b>(11,550)</b>	<b>(12,220)</b>	<b>(23,770)</b>
<b>FEDERAL CONFORMITY: CORPORATE FRANCHISE TAX</b>									

28	GOV - 7-year recovery period for motorsports entertainment complexes	FCAA	TY18-20	-	(360)	(360)	(40)	(20)	(60)
29	GOV - Increase corporate limitation on charitable deductions	CARES	TY20 Only	-	(550)	(550)	170	100	270
30	GOV - Increase charitable deduction limit for food inventory	CARES	TY20 Only	-	(90)	(90)	30	-	30
31	GOV - SBA loan assistance exclusion	CAA	TY21 Only	-	(2,500)	(2,500)	(100)	(100)	(200)
32	GOV - Exclusion of shuttered venue grants income	CAA	TY21 Only	-	(2,300)	(2,300)	(400)	(200)	(600)
33	GOV - 7-year recovery period for motorsports entertainment complexes	CAA	TY21-25	-	(190)	(190)	(100)	(110)	(210)
34	GOV - Accelerated depreciation for business property on Indian reservations	CAA	TY21	-	(60)	(60)	(10)	-	(10)
35	GOV - Depreciation of certain residential rental property over 30 years	CAA	TY18	-	(4,100)	(4,100)	(500)	(400)	(900)
36	GOV - Special expensing rules for certain film, TV, and live theatrical productions	CAA	TY21-25	-	(3,800)	(3,800)	(700)	(700)	(1,400)
37	GOV - Energy-efficient commercial building deduction	CAA	TY21 Only	-	(660)	(660)	(320)	(320)	(640)
38	GOV - Special rule for the production period for beer, wine, and distilled spirits	CAA	TY21	-	(180)	(180)	(70)	(70)	(140)
39	GOV - Special rule for qualified disaster-relief contributions	CAA	TY 21-22	-	(100)	(100)	30	20	50
40	GOV - Exclusion of economic injury disaster loan advances	ARPA	TY21 Only	-	(5,800)	(5,800)	(600)	(300)	(900)
41	GOV - Exclusion of restaurant revitalization grants	ARPA	TY21 Only	-	(4,100)	(4,100)	(400)	(200)	(600)
42	GOV - Repeal worldwide interest allocation rules	ARPA	TY21	-	Unknown	Unknown	Unknown	Unknown	Unknown
43	GOV - Deny deduction for certain highly compensated executives	ARPA	TY27	-	-	-	-	-	-
44	GOV - Modify tax treatment of contributions to the capital of corporations	IIJA	TY21 Only	-	(1,700)	(1,700)	(800)	(700)	(1,500)
45	<b>SUBTOTAL: FEDERAL CONFORMITY - CORPORATE FRANCHISE TAX</b>			-	<b>(26,490)</b>	<b>(26,490)</b>	<b>(3,810)</b>	<b>(3,000)</b>	<b>(6,810)</b>
47	<b>SUBTOTAL: FEDERAL TAX CONFORMITY RECOMMENDATIONS</b>			-	<b>(94,880)</b>	<b>(94,880)</b>	<b>(15,360)</b>	<b>(15,220)</b>	<b>(30,580)</b>
	<b>INDIVIDUAL INCOME TAX</b>								
50	GOV - Expand the K12 Education Credit		TY22	-	(12,200)	(12,200)	(12,900)	(13,100)	(26,000)
51	GOV - Child & Dependent Care Credit: Increase Credit by 30%		TY22	-	(8,200)	(8,200)	(8,400)	-	(8,400)
52	GOV - Child & Dependent Care Credit: Increase Phase-Out Threshold		TY22	-	(5,700)	(5,700)	(6,100)	(6,100)	(12,200)
53	GOV - Child & Dependent Care Credit: Establish Newborn Credit		TY22	-	(1,400)	(1,400)	(1,400)	(1,400)	(2,800)
54	GOV - Child & Dependent Care Credit: Interactions		TY22	-	(2,600)	(2,600)	(2,700)	(400)	(3,100)
55	GOV - Angel Tax Credit		TY22	-	(7,000)	(7,000)	(5,000)	(5,000)	(10,000)
56	GOV - Working Family Credit: Allow ITIN Usage for WFC		TY22	-	(9,800)	(9,800)	(10,400)	(10,400)	(20,800)
57	Interaction: Public Safety Aid		Payable 22	-	-	-	1,020	1,020	2,040
58	<b>SUBTOTAL: OTHER INDIVIDUAL INCOME TAX</b>			-	<b>(46,900)</b>	<b>(46,900)</b>	<b>(45,880)</b>	<b>(35,380)</b>	<b>(81,260)</b>
	<b>GENERAL SALES &amp; USE TAX</b>								
61	GOV - Local Government Exemption for Construction Materials		FY23	-	(96,700)	(96,700)	(70,920)	(74,870)	(145,790)
62	<b>SUBTOTAL: GENERAL SALES &amp; USE TAX</b>			-	<b>(96,700)</b>	<b>(96,700)</b>	<b>(70,920)</b>	<b>(74,870)</b>	<b>(145,790)</b>
	<b>CANNABIS TAXES*</b>								
65	GOV - Cannabis Sales Tax		FY24	-	-	-	[5,800]	[19,400]	[25,200]
66	GOV - Cannabis Gross Receipts Tax		FY24	-	-	-	[8,900]	[29,800]	[38,700]
67	<b>SUBTOTAL: CANNABIS TAXES</b>			-	-	-	<b>[14,700]</b>	<b>[49,200]</b>	<b>[63,900]</b>

