

HB 2442 A STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

Prepared By: Kyle Easton, Economist

Meeting Dates: 6/3

WHAT THE MEASURE DOES:

Extends sunset from January 1, 2022 to January 1, 2028, of additional personal exemption tax credit available to taxpayers with a severe disability.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Individuals with a severe disability are allowed an additional personal exemption credit against personal income taxes; up to two exemptions for qualifying joint filers. The credit is indexed to inflation and will be \$214 in 2021.

Severe disability is defined by any of the following:

- The loss of use of one or more lower extremities
- The loss of use of both hands
- Permanent blindness
- A physical or mental condition that limits the abilities of the person to earn a living, maintain a household, or provide personal transportation without employing special orthopedic or medical equipment or outside help.

In recent years, about 32,000 taxpayers per year have claimed the severe disability tax credit with an average tax reduction of about \$145 per taxpayer. The tax credit is limited to taxpayers with adjusted gross income that does not exceed \$100,000 for the tax year. To qualify, taxpayers are instructed to obtain and keep a letter from their physician describing the disability. Measure extends the availability of tax credit through tax year 2025.