

OFFICE OF FISCAL ANALYSIS

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sSB-510

AN ACT ESTABLISHING A CAPITAL GAINS SURCHARGE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	GF - Revenue Gain	None	260 million
Department of Revenue Services	GF - Cost	None	1.75 million
State Comptroller - Fringe Benefits ¹	GF - Cost	None	271,830

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a capital gains surcharge for certain filers, results in (1) an annual General Fund revenue gain of approximately \$260 million beginning in FY 28, (2) a one-time cost of \$1.1 million² to DRS in FY 28 for programming and technology updates and form development to implement the tax, and (3) ongoing costs of \$921,830 for ten Revenue Examiners (\$65,000 each for salary and \$27,183 each for fringe benefits) beginning in FY 28 to administer, audit, and enforce the tax.

The Out Years

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

² This estimate is based on the development and implementation costs of the pass-through entity tax.

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Internal Revenue Service Statistics of Income