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76th Legislative Assembly HOUSE REVENUE COMMITTEE

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Revenue Impact Analysis

- **Statutory Authority**
 - 173.025 (2)
- **Guiding Principles**
 - **Must result from a bill reported out of a legislative committee.**
 - **Must have direct impact on revenue or the revenue system (not necessarily quantitative impact).**
 - **Must have impact on revenue of state or local governments or school districts.**
 - **Does not include narrowly defined fees designed to capture state or local administrative costs for a particular activity.**
- **Key Elements of Revenue Impact Statements**
 - **Estimates based on current law forecast.**
 - **Impact for upcoming biennium and for 2 biennia into future.**
 - **Contains explanation of impact.**
 - **States if bill extends, expands or creates new tax expenditure.**
 - **All General Fund impacts that become law are included in the close of session revenue estimate.**
- **Methodological Issues**
 - **Initial revenue estimates are static—meaning that they do not include potential behavioral effects.**
 - **If substantial data on behavioral responses are available in the case of individual markets (partial equilibrium analysis) they will be included in impact estimates.**
 - **For bills with large systemic effects on the overall revenue system, feedback effects through the state tax incidence model will be incorporated into the estimates. These feedback effects are due to their impact on regional capital and labor flows and are assumed to occur gradually over a five year period.**

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