

HB 2433 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Jonathan Hart, Economist

Meeting Dates: 2/9

WHAT THE MEASURE DOES:

Increases the amount of commercial activity exempt from the Corporate Activity Tax, and the threshold for filing a tax return from \$1 million to \$5 million. Applies to tax years beginning on or after January 1, 2024. Takes effect on the 91st day after adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Businesses are required to register with the Department of Revenue if their commercial activity in a year exceeds \$750,000 and are required to file a Corporate Activity Tax return if their commercial activity exceeds \$1 million. If a business has commercial activity over \$1 million, it owes a flat \$250 tax plus tax at the 0.57% tax rate for taxable commercial activity over \$1 million. This bill would increase the threshold for both filing and taxation to \$5 million.