

**First Regular Session  
Seventy-Seventh General Assembly  
STATE OF SAN ANDREAS**

**INTRODUCED**

LLS NO. 26-0717.01 Asa Miller x2741

**HOUSE BILL 26-012**

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**SENATE SPONSORSHIP**

**Brinkerhoff**

**HOUSE SPONSORSHIP**

**Richards, Roberts, Rocha, Willis**

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**House Committees**

Not assigned

**Senate Committees**

Not assigned

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**A BILL FOR AN ACT**

**CONCERNING REVISING STATE INCOME TAX FOR LOW-INCOME RESIDENTS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <https://saleg.uscgov.com>)*

This bill modifies the state income tax structure by eliminating state income tax liability for individuals earning less than \$25,000 annually and adjusting upper-income tax brackets to maintain state revenue stability. The bill is intended to reduce the tax burden on low-income residents while reallocating tax responsibility toward higher-income earners based on ability to pay.

Shading denotes HOUSE amendment. Underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.

Beginning in tax year 2027, individuals with taxable income below \$25,000 would no longer be subject to state income tax. Existing tax rates for middle-income earners remain unchanged under the bill. To offset the reduction in revenue resulting from the exemption, the legislation directs the Department of Revenue to apply adjusted marginal tax rates to income exceeding \$330,000 annually, subject to fiscal analysis and implementation through rulemaking.

The bill also requires the Department of Revenue to update withholding guidance and provide public information regarding the revised tax structure. A reporting requirement directs the Department to evaluate the fiscal and economic impacts of the new tax brackets and submit findings to the Governor and the General Assembly.

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1 *Be it enacted by the General Assembly of the State of San*  
2 *Andreas:*  
3 **SECTION 1. SHORT TITLE.** This bill shall be known and cited  
4 as the “Fair Income Tax Adjustment Act.” **SECTION 2.**  
5 **LEGISLATIVE FINDINGS AND INTENT.** (a) The General  
6 Assembly finds that the state income tax system should reflect  
7 principles of fairness, ability to pay, and economic stability. (b)  
8 Lower-income households experience a disproportionate financial  
9 burden from taxation relative to income, particularly with respect  
10 to essential living expenses. (c) Providing tax relief to low-income  
11 residents supports economic mobility, reduces financial insecurity,  
12 and strengthens local economies through increased consumer  
13 spending. (d) Adjustments to tax brackets for higher-income  
14 earners may be used to maintain revenue neutrality while reducing  
15 tax burdens on lower-income households. (e) It is the intent of the  
16 General Assembly to eliminate state income tax liability for  
17 individuals earning less than twenty-five thousand dollars  
18 annually and to adjust upper-income tax brackets to ensure  
19 continued funding of state services. **SECTION 3.**  
20 **DEFINITIONS.** For purposes of this Act, unless the context  
21 otherwise requires: (a) “Department” means the Department of

1 Revenue. (b) “Taxable income” means income subject to state  
2 income taxation as defined by existing law. (c) “Resident  
3 taxpayer” means an individual subject to state income tax under  
4 state law. **SECTION 4. MODIFICATION OF INCOME TAX**  
5 **BRACKETS.** (a) Beginning with tax year 2027, the state income  
6 tax rate schedule shall be modified as follows: (I) Taxable income  
7 up to \$25,000 annually: No state income tax shall be imposed. (II)  
8 Taxable income between \$25,001 and \$330,000 annually: Tax  
9 rates shall remain as established under existing law unless  
10 modified by future legislation. (III) Taxable income exceeding  
11 \$330,000 annually: The Department shall apply adjusted marginal  
12 tax rates sufficient to offset revenue reductions resulting from  
13 subsection (a)(1), as determined through annual appropriations  
14 and fiscal analysis. (b) Adjustments to upper-income marginal  
15 rates shall be structured to maintain overall fiscal stability and  
16 continuity of state services. (c) Nothing in this section shall  
17 reduce or eliminate existing deductions, credits, or exemptions  
18 unless otherwise provided by law. **SECTION 5.**  
19 **IMPLEMENTATION.** (a) The Department of Revenue shall  
20 promulgate rules necessary to implement the revised tax brackets.  
21 (b) The Department shall update withholding tables and guidance  
22 for employers no later than October 1, 2026. (c) Public  
23 informational materials shall be made available to taxpayers  
24 explaining the new bracket structure. **SECTION 6. REPORTING**  
25 **REQUIREMENT.** (a) On or before January 15, 2029, the  
26 Department of Revenue shall submit a report to the Governor and  
27 the General Assembly evaluating: (I) Revenue impacts of the  
28 revised tax brackets; (II) Effects on low-income taxpayers; (III)  
29 Economic and fiscal outcomes; and (IV) Recommendations for  
30 further adjustments if necessary. **SECTION 7. EFFECTIVE**  
31 **DATE.** This Act shall take effect after the 90 day period following  
32 the final adjournment of the Seventy-Seventh general assembly  
33 and shall apply to income earned on or after that date.