

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 978** HLS 16RS 1744

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 31, 2016	2:34 PM	Author: DANAHAHAY
Dept./Agy.: Civil Service/Board of Tax Appeals		Analyst: Deborah Vivien
Subject: Increases the amount of use tax sent to BTA		

TAX/TAXATION EN -\$32,000 LF RV See Note Page 1 of 1
Provides for administration, disposition, enforcement, and adjudication of state and local taxes under the jurisdiction of the Board of Tax Appeals

Current law directs the Treasurer to send to the Board of Tax Appeals certain amounts of the consumer use distribution for local government prior to sending it to the taxing jurisdictions. The transfer will only take place if consumer use tax distributions are in excess of the amount distributed in FY 14.

Proposed law increases the amount transferred from the local consumer use tax distribution to the Board of Tax Appeals by \$32,000 on July 1, 2016. The provision requiring use tax distributions to be in excess of the FY 14 level in order to make the transfer to the Board of Tax Appeals is removed. Certain other procedural components related to local sales tax cases at the Board of Tax Appeals are modified by the bill. The bill makes a final BTA judgment enforceable in the same manner as a district court judgment. The bill contains provisions to allow for corporate franchise tax claims against the state to be taken against future corporate income or franchise tax liabilities.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$27,000	\$27,000	\$32,000	\$32,000	\$32,000	\$150,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	(\$27,000)	(\$27,000)	(\$32,000)	(\$32,000)	(\$32,000)	(\$150,000)
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. According to the Board of Tax Appeals, all of the procedural components are the codification of current practice except the authorization to allow corporate franchise tax claims against the state to be taken against corporate income or franchise tax liabilities. This component will allow the impact of a large settlement to be spread over several fiscal years (up to six years subject to available tax liabilities) to mitigate the impact to the state budget. Such offsets are transferable within an affiliated group but can not be taken prior to July 1, 2017.

REVENUE EXPLANATION

The annual transfer from the local distribution of consumer use tax collections to the Board of Tax Appeals will increase by \$32,000 per year beginning in FY 17 (current law already contains a \$5,000 increase for FY 17 and FY 18). This directive will decrease the amount of funds distributed to locals and increase the amount transferred to the Board of Tax Appeals.

Authorizing corporate franchise tax claims against the state to be taken out of corporate income and franchise tax liabilities in future years will allow the impact of a large settlement to be spread over several fiscal years (up to six years subject to available tax liabilities) to mitigate the impact to the state fisc. Such claims will be realized as decreases to general fund net tax collections. Typically, judgments are realized as appropriated expenditures.

Senate Dual Referral Rules House

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| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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