

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 174** HLS 17RS 908
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|---|-------------------------------|
| Date: April 6, 2017 2:49 PM | Author: JACKSON |
| Dept./Agy.: Revenue | Analyst: Greg Albrecht |
| Subject: Eligibility For Credit For Tax Paid To Other States | |

TAX CREDITS OR +\$31,300,000 GF RV See Note Page 1 of 1
 Provides relative to the individual income tax credit for taxes paid to other states

Present law limits the amount of individual income tax credit available for taxes paid to other states, that provide a similar credit for their residents who paid tax to Louisiana, to the lesser of the actual amount of tax paid to the other state or the amount of Louisiana tax that would have been imposed had the income in question been earned in Louisiana. These provisions terminate, essentially, after tax year 2017, and return to earlier provisions that allow the credit to the full amount of tax paid to the other state.

Proposed law continues the current limitation provisions permanently.

Effective upon governor's signature.

| EXPENDITURES | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 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 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REVENUES | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | \$31,300,000 | \$31,300,000 | \$31,300,000 | \$31,300,000 | \$125,200,000 |
| 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 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$31,300,000 | \$31,300,000 | \$31,300,000 | \$31,300,000 | \$125,200,000 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Current law provisions affect returns filed for tax year 2017, affecting tax receipts through FY18. Continuation of those provisions permanently will affect tax receipts in FY19 and beyond, when the current provisions are to expire. To estimate the likely effect of continuing the current credit limiting provisions beyond their expected termination, individual income tax data for tax year 2014 (the last tax year without limitation) was compared to that of tax year 2015 (the first tax year of limitation). Tax year 2015 returns claimed \$31.3 million less for this credit than did 2014 tax year returns. Although, at the time the credit limitation was enacted, it was expected that state tax receipts would be some \$34 million greater as a result of the limitation, actual experience indicates a somewhat smaller effect is likely with continuation of the limiting provisions.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
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Legislative Fiscal Officer