

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 47** SLS 17RS 214
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2017	2:48 PM	Author: GATTI
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Exempt Oil & Gas Lease Bonus Payment and Royalties		

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1
 Reduces income tax rate on oil and gas bonus payments and oil and gas royalty payments to zero. (gov sig)

Proposed law exempts from individual and corporate income tax the payments received from oil and gas leases and royalty payments.

Applicable to all taxable periods beginning on and after January 1, 2017.

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.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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						

EXPENDITURE EXPLANATION

The Dept. of Revenue estimates that tax system programming modifications (paper and online filing), revision and promulgation of withholding tables, and testing will involve some \$51,000 of staff costs. Additional resources may be required by the department dependent upon the cumulative amount of changes enacted in the session.

REVENUE EXPLANATION

The bill will result in a reduction in state individual and corporate income tax receipts of an indeterminable amount. According to the Dept. of Revenue, the Dept. does not capture data on tax returns that distinguish income such that the payments exempted by this bill can be estimated. The Dept. notes that federal returns also do not separately identify this type of income. Thus, an estimate of the amount of income and associated tax receipts can not be made.

However, the state of Louisiana is a long-standing oil and gas producing state. It seems likely that the amount of such income to individuals and corporations subject to state income tax would be substantial, and that the associated tax receipts could be some several millions of dollars

Since the bill is effective for the 2017 tax year, the first year of state revenue losses will be FY18, as 2017 tax year returns are filed in the spring of 2018.

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
Legislative Fiscal Officer