

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 98** SLS 17RS 321

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|--|-------------------------------|
| Date: May 24, 2017 10:35 AM | Author: DONAHUE |
| Dept./Agy.: Revenue, Economic Development, and Various Others | Analyst: Greg Albrecht |
| Subject: Tax Expenditure Appropriation | |

FISCAL CONTROLS

RE SEE FISC NOTE See Note

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Provides for the appropriation of incentive expenditures. (7/1/17)

Present law requires specified incentive expenditures (R.S. 39:2(15.1)) to be forecast by the Revenue Estimating Conference (REC) separately from the forecasts of revenue available for appropriation, beginning with FY17. If forecasts are insufficient to meet program requirements, the program administrator shall notify the REC, and the REC may revise the forecast as necessary. Administering departments shall aid the REC in making appropriate forecasts.

Proposed law specifies that incentive expenditures or programs means payments to businesses and individuals as refunds, rebates, or transferable credits granted through contracts or certifications or approvals. Administering agencies are to report at each REC meeting. These expenditures are to be separately included in the executive budget and the appropriation bill as recommendations, within the section for the agency that administers the program.

Effective July 1, 2017 and applicable for the 2018-2019 fiscal year and subsequent years.

| EXPENDITURES | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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> | <u>\$0</u> |
| Annual Total | | | | | | |

| REVENUES | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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> | <u>\$0</u> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

Tax credits and rebates are charged against specific tax types and are reflected in net revenue collections. Development and implementation of processes to forecast the affected incentive expenditure programs will involve general administrative time and effort costs. Those costs may be substantial given the number of programs affected by the bill and the degree of rigor desired for the forecasting. Such costs are speculative at the outset of consideration of the change in processes that may be required to implement this bill. Efforts will be expended in FY18 in preparation for implementation in FY19.

REVENUE EXPLANATION

The bill affects the 28 benefit statutes listed in R.S. 39:15.1, and possibly others on the basis of the definition of incentive expenditures or programs in this bill. While ultimately the claim and receipt of these programs' benefits occurs through the Department of Revenue, a number of other agencies are involved in administering and granting these benefits, including in addition to the Departments of Revenue, the Departments of Economic Development, Culture & Tourism, Labor, and Education. The bill speaks to recommendations, which does not imply an expenditure constraint, but coordination among a variety of agencies is presumed by the bill as part of its implementation. Since each credit/rebate has unique characteristics, the degree of rigorousness desired will dictate the amount of current resource diversion or additional resources needed by the various affected agencies to implement the bill.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer