

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 51** SLS 21RS 276

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 10, 2021 10:59 AM	Author: CARTER, TROY
Dept./Agy.: Revenue / Education	Analyst: Greg Albrecht
Subject: Tax Credit For Teachers	

TAX/TAXATION

OR -\$56,000,000 GF RV See Note

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Creates an individual income tax credit for teachers and early childhood educators. (gov sig)

Provides a \$1,000 refundable tax credit for individuals holding a Louisiana teaching certificate and teaching in the state at public and nonpublic elementary or secondary schools approved by the State Board of Elementary and Secondary Education, as well as holder of early childhood ancillary certificates employed by early learning centers licensed by the Department of Education.

Effective for taxable years beginning on and after January 1, 2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	(\$56,000,000)	(\$56,000,000)	(\$56,000,000)	(\$56,000,000)	(\$56,000,000)	(\$280,000,000)
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>	<u>\$0</u>
Annual Total	(\$56,000,000)	(\$56,000,000)	(\$56,000,000)	(\$56,000,000)	(\$56,000,000)	(\$280,000,000)

EXPENDITURE EXPLANATION

The Dept of Revenue indicates some \$26,000 of staff time for tax system modification and testing to incorporate the new credit. In addition, the department reports the need for one new permanent tax specialist position, plus two part-time tax specialists for the tax filing season with respect to this credit. Total costs would be \$92,000 in FY22, dropping to \$71,000 in FY23 and growing over time with step increases. The necessity of additional positions attributable to this single new credit is not clear. However, the potential exposure to the state fisc is large and the number of returns that would be claiming the credit may warrant some additional scrutiny and, thus, some additional costs.

REVENUE EXPLANATION

According to the Department of Education, there are approximately 37,500 certified teachers in K-12 public schools, and 6,000 certified teachers employed in early childhood centers. The U.S. Dept. of Education, National Center for Education Statistics reports over 12,500 full-time equivalent teachers in Louisiana nonpublic schools. Precise counts of eligible individuals are not available and would change from period to period. These estimates serve to provide an estimate of the state fiscal exposure from the bill. By these counts, some 56,000 individuals would potentially be eligible for the bill's \$1,000 tax credit. As a refundable credit, the full amount of available credit would be extended to recipients regardless of their tax liabilities, resulting in state fiscal exposure of some \$56 million per year. The credit is first available for tax year 2021, the returns for which will be filed in the spring of 2022, the later half of FY22.

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}

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Legislative Fiscal Officer