



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 243** HLS 23RS 473

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 17, 2023	8:15 PM	Author: TARVER, PHILLIP
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Payment to certain income tax filers		

TAX/INCOME-INDIV/CREDIT OR -\$275,400,000 GF RV See Note Page 1 of 1
 Authorizes a one-time refundable individual income tax credit for certain Louisiana taxpayers

Proposed law provides a one-time refundable credit to Louisiana residents that are individual income tax filers. The credit is \$125, declining as adjusted gross income increases above \$100,000 with no credit issued for incomes over \$150,000 (all double for joint filers). An additional credit of \$125 per dependent may be claimed on the 2022 filing (max of 2). The cost of the program is capped at \$300 million and credits will be granted on a first-come, first-served basis.

Effective upon governor's signature.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$246,000	SEE BELOW	SEE BELOW	\$0	\$0	\$246,000
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$246,000			\$0	\$0	\$246,000

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	(\$275,400,000)	\$0	\$0	\$0	\$0	(\$275,400,000)
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$275,400,000)	\$0	\$0	\$0	\$0	(\$275,400,000)

EXPENDITURE EXPLANATION

The Department of Revenue reports that additional resources will be needed to implement this bill, including 4 WAE Revenue Tax Specialists for manual review of applications and telephone call volume (base salaries of \$51,900). Additional costs will be incurred due to system and form modifications. Total costs are expected to be approximately \$246,000. The duration of increased LDR expenditures is unknown, however LDR indicates that much of it will likely be in FY24 only.

LDR additionally reports potential issues with allowing the credit in association with the 2022 return. A supplemental form or stand-alone form may be required for this credit, otherwise the department and third-party software vendors may have to revise the 2022 return, and the roughly 1.1 million taxpayers who have already filed for 2022 would require amended returns, should they wish to claim the credit for TY22.

REVENUE EXPLANATION

The bill provides a one-time refundable credit that will be provided to certain Louisiana taxpayers, which may be claimed on a Tax Year 2022 (TY22) or TY23 return. Proposed law specifies that for the purposes of determining eligibility, a return from TY21 may be used in lieu of TY22, in the event that a TY22 return has not yet been filed.

Eligibility for the credit is based on Federal Adjusted Gross Income (AGI), and taxpayers reporting less than \$100K, between \$100K-\$125K, and between \$125K-\$150K, respectively, are eligible for a \$125, \$100, and \$75 credit. Each dependent is eligible for an additional \$125 credit, and for joint returns, each spouse is eligible for a separate credit based on the AGI reported.

This analysis estimates credit eligibility using historical returns from TY21, and assumes all the revenue impact is realized in FY24. The results by AGI range are listed below:

Federal AGI	Number of Taxpayers	credit	Est. cost (incl. spouse + limit 2 claimed dependents)
<100,000	1,072,647	\$125	\$233,651,250
100,000-124,999	102,694	\$100	\$26,267,475
125,000-149,999	68,299	\$75	\$15,441,200
Total			\$275,359,925

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" 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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