



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 626** HLS 23RS 519
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|--|---------|----------------------------------|
| Date: April 30, 2023 | 6:22 PM | Author: LYONS |
| Dept./Agy.: Revenue | | Analyst: Benjamin Vincent |
| Subject: Tax Credit: Commuters to Out-of-state Jobs | | |

TAX/INCOME-INDIV/CREDIT OR DECREASE GF RV See Note Page 1 of 1
 Establishes a tax credit for workers who commute to out-of-state sites for certain jobs that had formerly been located in Louisiana

Proposed law establishes a refundable credit against individual income tax for certain Louisiana taxpayers who commute daily to a job location that is outside the state. The credit requires the job to have been relocated from within the state to outside the state, and for the employer to report under the North American Industry Classification System as a manufacturer. The credit shall be equal to the lesser of actual transportation expenses incurred by the taxpayer during the commute to and from their place of employment, or \$5,000, per taxable year.

Applicable to taxable years beginning on or after January 1, 2024.

| EXPENDITURES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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 | | | | | | |
| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | DECREASE | DECREASE | DECREASE | DECREASE | \$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 |

EXPENDITURE EXPLANATION

Additional LDR expenditures for computer system development and modification, tax form redesign, testing, and administration of a new credit are anticipated. Verification-related expenditures by Tax Compliance may additionally increase, depending on the complexity of verification requirements and the volume of claimants. Specific estimates have not yet been determined at this time of this analysis.

REVENUE EXPLANATION

Proposed law would authorize a refundable tax credit for expenses incurred in commuting to an out-of-state manufacturing job that was previously located in Louisiana. Allowable expenditures per taxpayer are limited to \$5,000 in any taxable year.

Information on taxpayers meeting the specific requirements of proposed law are unavailable, and estimates of taxpayers meeting these conditions in the future would be speculative. To the extent that Louisiana manufacturers have moved, or will move across state borders, but remain nearby enough to retain employees who are required to be physically present, state general fund collections would decrease due to proposed law. Credits can be claimed beginning in taxable year 2024, thus FY25 will be the initial fiscal year in which material revenue reductions are likely.

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}

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