

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 49** HLS 051ES 285
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Sub. Bill For.:
 Proposed Amd.:

Date: November 7, 2005 7:31 PM	Author: SCHNEIDER
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Personal Income Tax - Federal Disaster Relief Windfall	

TAX/INCOME TAX OR SEE FISC NOTE GF RV See Note Page 1 of 1
 Prohibits reduction in federal income tax for disaster relief tax credits (Item #11)

Current law allows taxpayers to deduct the amount of their federal income tax when computing their LA taxable income.

Proposed law provides that the federal income tax deduction is not to be reduced by the amount of any federal income tax credits determined to be presidential disaster area disaster relief credits.

Effective for all taxable periods beginning after December 31, 2004.

EXPENDITURES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The federal tax deduction works to reduce LA taxable income and consequently LA income tax liability. Federal disaster tax relief would work to reduce the federal tax deduction taxpayers would claim on their state income tax returns. This would increase their state taxable income and consequently their state income tax liability. This bill would preclude that from happening and hold federal tax deductions, LA taxable income, and LA tax liabilities to levels that would otherwise occur had no federal disaster tax relief been received.

While this bill will preclude the State from receiving additional personal income tax collections associated with any federal disaster tax relief, the official revenue forecasts do not incorporate an expectation of receiving any such revenue. Thus, the anticipated State revenue baseline is unaffected by this bill.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

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

H. Gordon Monk

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Legislative Fiscal Officer