

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **SB 42** SLS 051ES 207  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Sub. Bill For.:  
 Proposed Amd.:

<b>Date:</b> November 14, 2005 6:44 PM	<b>Author:</b> MOUNT
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Personal Income Tax - Federal Disaster Relief Windfall	

TAX/TAXATION EG SEE FISC NOTE GF RV See Note Page 1 of 1

Provides that the Louisiana federal income tax deduction shall not be reduced if the secretary of the Department of Revenue determines that the reduction is due to federal tax relief credits. (gov sig)

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 disaster relief credits granted for the Hurricane Katrina or Hurricane Rita presidential disaster areas, as well as the amount by which a person's federal income tax due was decreased as a result of claiming a federal deduction for casualty losses as a result of hurricanes Katrina or Rita in a presidential disaster area.

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

<b>EXPENDITURES</b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>5 -YEAR TOTAL</u></b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>5 -YEAR TOTAL</u></b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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 (federal tax credits or the federal tax effect of casualty loss deductions) 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 (estimated by the Department of Revenue at \$20 million), the official revenue forecasts do not incorporate an expectation of receiving any such revenue as the result of the hurricane Katrina and Rita events. Thus, the anticipated State revenue baseline is considered to be 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**