

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 809** HLS 15RS 1370

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 1, 2015	12:10 PM	<b>Author:</b> BILLIOT
<b>Dept./Agy.:</b> Financial Institutions		<b>Analyst:</b> Travis McIlwain
<b>Subject:</b> Money Transmissions		

TAX/STATE OR DECREASE GF RV See Note Page 1 of 1  
Provides with respect to a tax on certain money transmission activities and a tax credit for payment of the tax

Proposed legislation levies a tax upon the transmission of money through any person licensed by the Office of Financial Institutions to engage in the business of money transmission. Proposed legislation provides that the amount of tax shall be \$5 for each transaction of \$500 or less, plus an amount equal to 1% of any amount in excess of \$500. Proposed law establishes an individual income tax credit for taxpayers who have paid the money transmission tax. The amount of the tax credit is equal to the amount of tax paid during the taxable year for which the credit is claimed. Proposed bill creates the Quality of Life Fund and provides for the allocation of funds collected to be as follows: \$10 M - Greater New Orleans Community Health Connection Program, \$10 M - Office of Public Health, Federally Qualified Health Centers, \$3 M - Office of State Parks. Effective July 1, 2015.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>						

**EXPENDITURE EXPLANATION**

There may be some programming costs incurred by the Department of Revenue in order to create the tax credit proposed within this legislation. Any additional expenditure increase will likely be done on an incremental basis and utilized with existing resources. However, to the extent multiple pieces of legislation are enacted that require tax credit creation costs, the department may require additional resources.

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

This legislation provides for funding priorities of at least \$23 million of the resources flowing into the Quality of Life Fund. Those priorities include:  
\$10 million - Greater New Orleans Community Health Connection Program  
\$10 million - Office of Public Health, Federally Qualified Health Centers  
\$3 million - Office of State Parks

**REVENUE EXPLANATION**

The proposed legislation will result in an increase in statutorily dedicated fund collections flowing into the newly created Quality of Life Fund from the money transmitter tax, which will likely be passed on to consumers of money transmitter services. However, this legislation will result in an indeterminable decrease in SGF revenues as result of this legislation as it creates an income tax credit that ultimately reimburses the transmitter tax paid by consumers who actually file tax returns.

For **illustrative purposes**, based upon self reported money transmitter data (2014) provided by the Office of Financial Institutions (OFI), if this tax would have been in place in 2014 the revenues generated for the fund would have been at least \$29.6 million (5.9 million transactions x \$500). The 2014 data does not include potential revenue collections that may occur as a result of collecting the tax money transmissions above the \$500 value. To the extent all of taxes paid were actually claimed in a 2014 tax return, the SGF would have lost at least \$29.6 million. However, not all individuals who pay the money transmitter tax will actually claim the credit. Therefore, the SGF revenue loss as result of this legislation is indeterminable and would have likely been less than Quality of Life fund collections. Ultimately revenues flowing into the Quality of Life Fund are partially being funded with the SGF (through the tax credit) and those consumers who utilize money transmitter services that do not file an income tax return.

- |                                                                                        |                            |              |                                                                                            |
|----------------------------------------------------------------------------------------|----------------------------|--------------|--------------------------------------------------------------------------------------------|
| <u>Senate</u>                                                                          | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}                  |                            |              | <input checked="" type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} |

*Gregory V. Albrecht*  
**Gregory V. Albrecht**  
**Chief Economist**