LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 23** HLS 161ES 56
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: February 24, 2016 9:50 AM | **Author:** JACKSON
Dept./Agy.: Revenue
Subject: Makes Act 123 of 2015 Permanent | **Analyst:** Deborah Vivien

TAX/CORP INCOME EG INCREASE GF RV See Note

Repeals three-year sunset of certain reductions to corporate income tax deductions, exemptions, and exclusions (Item #12)

Current law reduced various exclusions and deductions by 28%. The affected exclusions and deductions are: public transportation corporations, oil and gas well allowance for depletion, net operating losses, corporate income tax refunds, dividends from banking corporations, certain expenses disallowed for federal taxation, dividend income, and hurricane recovery benefits. The tax-exempt period for La Community Development Financial Institutions is shortened from five years to four years. Applicable to all claims for these exclusions and deductions made on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. However, exclusions or deductions denied on returns filed after July 1, 2015 pursuant to an extension granted prior to July 1, 2015 can be included in one-third increments on returns filed for taxable years beginning in calendar year 2017, 2018, and 2019. Not applicable to amended returns timely filed after July 1, 2015, relating to original returns filed prior to July 1, 2015 and properly claimed an exemption, credit, rebate, or deduction. Expires 7/1/2018.
Proposed law removes the June 30, 2018 expiration, making permanent the changes of Act 123 of the 2015 Regular Session.

EXPENDITURES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**5 -YEAR TOTAL**
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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**5 -YEAR TOTAL**
State Gen. Fd.		INCREASE	INCREASE	INCREASE	INCREASE	
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	**$0**					**$0**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. This bill reduces the need for the department to change forms when the affected provisions revert back to their original level on June 30, 2018. Just as any costs would have been absorbed in the departmental budget, any resources made available will be directed to other functions of the agency.

REVENUE EXPLANATION

Under this bill, state revenue will increase in FY 18 and beyond as reductions to exclusions and deductions adopted in Act 123 of the 2015 Regular Session of the Legislature are made permanent for all returns filed after June 30, 2018, regardless of the tax year. The impacts in FY 18, 19, and 20 will still be subject to three year recoupments ending in FY 20.

While time constraints preclude the generation of new revenue estimates for the various provisions contained in Act 123, it is certain that making the Act permanent will increase state receipts beginning in FY 18 above what they would otherwise be throughout the remainder of the fiscal note horizon. Estimated net revenue gains associated with Act 123 were in the range of $120 million per year, and will be retained by this bill once the recoupment provisions have terminated.

Senate | Dual Referral Rules | House

- [ ] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
- [x] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
- [ ] 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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