

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 57** HLS 161ES 70
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 24, 2016 9:59 AM	Author: STOKES
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Makes Act 109 of 2015 Regular Session permanent	

TAX CREDITS EG INCREASE GF RV See Note Page 1 of 1
 Repeals three-year sunset on certain eligibility requirements relative to the income tax credit for net taxes paid to other states (Item #13)

Current law limits the availability of the credit for taxes paid to other state to taxes paid to other states that provide a similar credit for their residents who paid tax to Louisiana. The amount of credit allowed against Louisiana tax liability is limited to the the amount of Louisiana tax that would have been imposed had the income in question been earned in Louisiana. The credit is not allowed for taxes paid to another state that allows such a credit for nonresident filers in that state who paid tax to their own state of residence.

Applicable to all claims on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. However, credits denied on returns filed after July 1, 2015 pursuant to an extension allowed prior to July 1, 2015 can be recouped in one-third increments over three subsequent years, starting with tax years beginning in calendar year 2017. Not applicable to amended returns timely filed after July 1, 2015, relating to original returns filed prior to July 1, 2015 and properly claimed a credit. Expires July 1, 2018.

Proposed law removes the June 30, 2018 expiration, making permanent the changes of Act 109 of 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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$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 19 and beyond as credit limitation adopted in Act 109 of the 2015 Regular Session of the Legislature is made permanent for all returns filed after June 30, 2018, regardless of the tax year. The impact in FY 19 would occur as the credit limitation is maintained while three year recoupments occur through FY 20.

While time constraints preclude the generation of new revenue estimates for the various provisions contained in Act 109, it is certain that making the Act permanent will increase state receipts beginning in FY 19 above what they would otherwise be throughout the remainder of the fiscal note horizon. Estimated net revenue gains associated with Act 109 were in the range of \$34 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}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

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

Gregory V. Albrecht
Chief Economist