

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



Fiscal Note On: **HB 123** HLS 161ES 360  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> February 24, 2016 8:04 PM	<b>Author:</b> HUNTER
<b>Dept./Agy.:</b>	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Financial Exigency	

TAX EXEMPTIONS OR SEE FISC NOTE GF RV Page 1 of 1  
 Provides for suspension of certain tax exemptions during periods of financial exigency (Item #36)

When the state is operating in a budget deficit (financial exigency), the Secretary of the Department of Revenue is required to suspend all state sales tax exemptions, all refundable income and franchise tax credits, the net operating loss deduction, the federal excess itemized deduction, dealer compensation and discounts for sales tax, tobacco, and alcoholic beverages.

Suspensions are to remain in effect until such time as the state is no longer operating in a budget deficit.

No exemption disallowed shall be claimed subsequent to the termination of the suspension.

Effective April 1, 2016.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</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>\$0</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>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
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Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</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**

the Department of Revenue is likely to incur costs associated with modifying its tax collections systems to handle the temporary suspension of exemptions and credits, as well as handling taxpayer education, inquiries, and disputes.

**REVENUE EXPLANATION**

In periods of financial exigency, the suspension of the various exemptions, deductions, credits, and discounts could generate substantial revenue for the state. Based on the Tax Exemption Budget and the Revenue Department Annual Report, on an annualized basis the major statutory suspensions authorized by the bill include sales tax (at least \$750 million), refundable tax credits (\$750 million), net operating loss deduction (\$486 million), federal excess itemized deduction (\$350 million), dealer compensation and discounts for sales tax, tobacco, and alcoholic beverages (\$35 million). The amount of revenue from suspension of these items that might be generated would depend on the length of any such suspension.

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}

**John D. Carpenter**  
**Legislative Fiscal Officer**