

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 13** SLS 161ES 31

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: February 25, 2016 12:12 PM	Author: ALLAIN
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Inventory Credit	

TAX/AD VALOREM OR +\$40,000,000 GF RV See Note Page 1 of 1
Provides for carry forward rather than a refund of tax credits from ad valorem taxes paid to local governments. (gov sig)

Reduces the amount of inventory credit in excess of tax liability that can be refunded to taxpayers from 75% in current law to 50% for inventory taxes paid in 2017, with further reduction to 25% in 2018, and then 0% in 2019 and thereafter.

Effective upon governor's signature.

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.	\$0	\$40,000,000	\$93,000,000	\$144,000,000	\$150,000,000	\$427,000,000
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	\$40,000,000	\$93,000,000	\$144,000,000	\$150,000,000	\$427,000,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

In effect, the bill appears to be capturing for the state fisc the refundable portion of the inventory credit that was established by Act 133 of 2015 (75% of the amount of credit in excess of tax liability). Based on the expected costs to the state of the inventory tax credit portion of Act 133, this bill will reduce those costs and capture the cost reduction for the state over a three three period of approximately 1/3 of that cost in FY18, 2/3 in FY19, and all of it in FY20 and beyond. Those amounts are reflected as net state revenue gains in the table above.

Senate Dual Referral Rules House

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|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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} |

John D. Carpenter
Legislative Fiscal Officer