

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



Fiscal Note On: **HB 2** HLS 161ES 37  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action: **w/ SEN COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 4, 2016 1:22 PM	<b>Author:</b> BROADWATER
<b>Dept./Agy.:</b>	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Repeal SAVE Program	

TAX CREDITS EG1 SEE FISC NOTE GF RV Page 1 of 2  
 Repeals the Student Assessment for a Valuable Education (SAVE) credit program (Item #14)

Current law established the SAVE (Student Assessment for a Valuable Education) program that re-characterized a portion of higher education means-of-finance from general fund resources to statutory dedication resources. Proposed law repeals the SAVE provisions.

Proposed law amends a variety of tax credit statutes to require a determination by the Ways & Means and Revenue & Fiscal Affairs committees of whether the economic benefit exceeds the state revenue loss. For purposes of this determination, economic benefit is not defined. Specific recommendations to either continue or terminate the credit are required by March 1, 2017. In most cases each credit appears to be limited in its term or possibly essentially terminated by the bill.

<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.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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><u>\$0</u></b>
<b>Annual Total</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>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Nearly every credit referenced in the bill requires, whether in current law or added by this bill, an analysis of the economic benefits and state revenue costs of each credit, in support of specific recommendations for continuation or termination of each credit by the Ways & Means and Revenue and Fiscal Affairs Committees by March 1, 2017. With such a large number of programs to be evaluated in the time-span of less than one year, meaningful analysis is likely to require significant resources from the various administering and monitoring agencies.

**REVENUE EXPLANATION**

Repeal of the SAVE (Student Assessment for a Valuable Education) program has no effect on governmental revenues.

Various credits are amended, allowing activity up to a certain date, with nearly all having existing or newly added requirements for a W&M and R&F Committee recommendation for continuation or termination by March 1, 2017 as follows:  
 Heritage-Based Cottage Industry [contracts allowed prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 New Jobs [business starts/expansions prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Neighborhood Assistance [no credit granted after June 30, 2017; continue/terminate designation by March 1, 2017]  
 Educational Donations [credit for donations prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Ins. Co. Corporate Tax [no credit for premiums paid after June 30, 2017; continue/terminate designation by March 1, 2017]  
 Refunds by Utilities [refunds prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Re-Entrant Jobs [employed prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 First-Time Nonviolent Offenders [employed prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Bone Marrow Donations [expenses incurred prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Employee Health Ins. [contracts entered prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Personal Income Tax Credits [none allowed from the 2017 tax year; continue/terminate designation by March 1, 2017]  
 Residential Rehabilitation [expenses incurred prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Hunting/Fishing Licenses [amounts paid prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Previously Unemployed [no credit for jobs after June 30, 2017; continue/terminate designation by March 1, 2017]  
 Recycling Equipment [purchases prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Inventory Tax [no credit for taxes paid after June 30, 2017; continue/terminate designation by March 1, 2017]  
 OCS Vessels Tax [no credit for taxes paid after June 30, 2017; continue/terminate designation by March 1, 2017]  
 Playground Donations [no credit for donations after June 30, 2017; continue/terminate designation by March 1, 2017]  
 Basic Skills Training [applications prior to July 1, 2017; continue/terminate designation by March 1, 2017]  
 Employer School Donations [no credit for donations after June 30, 2017; continue/terminate designation by March 1, 2017]  
 CONTINUED

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<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 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**

LEGISLATIVE FISCAL OFFICE  
Fiscal Note



Fiscal Note On: **HB 2** HLS 161ES 37  
Bill Text Version: **ENGROSSED**  
Opp. Chamb. Action: **w/ SEN COMM AMD**  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> March 4, 2016	1:22 PM	<b>Author:</b> BROADWATER
<b>Dept./Agy.:</b>		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Repeal SAVE Program		

**CONTINUED EXPLANATION from page one:**

- Corporate School Donations [no credit for donations after June 30, 2017; continue/terminate designation by March 1, 2017]
- Telecom Property Tax [no credit for taxes paid after June 30, 2017; continue/terminate designation by March 1, 2017]
- R&D Expenditures [no credit for expenditures after June 30, 2017; continue/terminate designation by March 1, 2017]
- Mew Markets Credit [no credits earned after June 30, 2017; continue/terminate designation by March 1, 2017]
- Econ Dev Corp Expenses [no credit for filing fees after June 30, 2017; continue/terminate designation by March 1, 2017]
- PIE Contractors [no credit for purchases after June 30, 2017; continue/terminate designation by March 1, 2017]
- Rehab Historic Structures [expenses prior to July 1, 2017; no committee designation required by March 1, 2017]
- Angel Investor Program [no credits granted after June 30, 2017; continue/terminate designation by March 1, 2017]
- Digital Media Program [no credits earned after June 30, 2017; continue/terminate designation by March 1, 2017]
- Sound Recording Investors [no credits earned after June 30, 2017; continue/terminate designation by March 1, 2017]
- Citizens Assessment [no credit for assessments paid after June 30, 2017; continue/terminate designation by March 1, 2017]
- Cane River Heritage [no new applications after July 1, 2017; continue/terminate designation by March 1, 2017]
- Solar Energy Systems [deadlines of June 30, 2017 and July 1, 2017; continue/terminate designation by March 1, 2017]
- Milk Producers [no credits earned after June 30, 2017; continue/terminate designation by March 1, 2017]
- Musical/Theatrical [no approvals after July 1, 2017; continue/terminate designation by March 1, 2017]
- Alternative Fuel Conversions [no credit for purchases after June 30, 2017; continue/terminate designation by March 1, 2017]
- Ports [no credits granted after June 30, 2017; continue/terminate designation by March 1, 2017]
- Green Job Industries [approvals before July 1, 2017; continue/terminate designation by March 1, 2017]
- Child Care Providers [no credits for tax years after June 30, 2017; continue/terminate designation by March 1, 2017]
- Business Supported Child Care [no credits for tax years after June 30, 2017; continue/terminate designation by March 1, 2017]
- Certain C&I Board Credits [no contracts after June 30, 2017; no committee designation required by March 1, 2017]
- Technology Commercialization [no approvals after June 30, 2017; continue/terminate designation by March 1, 2017]
- Modernization Program [expenses incurred prior to July 1, 2017; continue/terminate designation by March 1, 2017]
- LCCFI Program [investments before July 1, 2017; continue/terminate designation by March 1, 2017]

The bill may effectively phase out numerous credit programs after June 30, 2017 with net revenue gains accumulating for the state fisc in FY18 and beyond as program participation winds down and credit realizations run off over a number of years. This intent is not entirely clear since nearly every credit referenced in the bill requires an analysis of the economic benefits and state revenue costs as part of a specific recommendation by the Ways & Means and Revenue and Fiscal Affairs Committees for continuation or termination. The bill does not specify what action follows the release of these recommendations.

The SAVE (Student Assessment for a Valuable Education) program re-characterizes a portion of higher education means-of-finance from general fund resources to statutory dedication resources by decreasing general fund resources and providing a like amount of increased statutory dedication resources through the Higher Education Initiatives Fund. The amount of funding involved in FY16 was \$350 million as appropriated by the legislature from the Higher Education Initiatives Fund, which itself was financed by transfer of a like amount from the state general fund. No such appropriation has been made for FY17 or any subsequent years at this point, and no associated transfers are made until appropriations are made. No anticipation of these actions has been incorporated into the state budget plan for FY17 or beyond. Thus, repeal of the provision has no effect on the state budget means-of-financing for higher education.

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

LEGISLATIVE FISCAL OFFICE  
Fiscal Note



Fiscal Note On: **HB 2** HLS 161ES 37  
Bill Text Version: **ENGROSSED**  
Opp. Chamb. Action: **w/ SEN COMM AMD**  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> March 4, 2016 1:22 PM	<b>Author:</b> BROADWATER
<b>Dept./Agy.:</b>	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Repeal SAVE Program	

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**