

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1120** HLS 16RS 1978
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 25, 2016 1:58 PM	Author: SCHRODER
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Establishes the Louisiana Tax Institute	

TAX/TAXATION RE INCREASE GF EX See Note Page 1 of 1
 Creates the Louisiana Tax Institute within the Dept. of Revenue as an advisory body on tax related matters

Proposed law establishes the Louisiana Tax Institute as a public body within the Department of Revenue to serve as the official advisory tax law revision and tax law reform agency of the state. The Institute is to be governed by a eight-member board serving three-year staggered terms, except for the Secretary of the Department of Revenue and the Commissioner of Administration. Board members may receive reimbursement for travel expenses but receive no compensation. The Institute is to make tax law and procedural recommendations to the legislature to address defects and inequities in the tax laws; to cooperate with various organizations and propose tax law changes as recommended by them as well as the Board of Tax Appeals, the La Supreme Court, other La courts, and the public generally; render reports to the legislature and propose bills to carry out recommendations; organize and conduct meetings/seminars on current problems in tax laws; and review proposed/pending legislation and make recommendations concerning such legislation.
 Effective upon governor's signature.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	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>	<u>\$0</u>
Annual Total						
REVENUES	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The bill appears to contemplate a permanent body with ongoing activity. Board members themselves are uncompensated by the institute, but may receive travel expense reimbursement. The Revenue Department (LDR) estimates those reimbursements as \$400 to \$1,000 per meeting, depending on meeting lengths and the possible need for overnight accommodations. The bill refers to travel expenses in accordance with the guidelines of the entity each board member represents, but does not make clear who is responsible for actual reimbursement payments. Reports, studies, and other publications are to be printed and distributed through the Department of State. Associated costs will depend upon the volume of output of the Institute.

Given the permanent, ongoing nature of the Institute and the various activities the bill calls for, LDR initially suggested the need for additional permanent dedicated staffing, and recommended a six-person staff group, including three attorneys, two research analysts, and one administrative staffer. Total personnel costs of such a group would approximate \$553,000 per year, with costs growing by potentially 4% per year should full civil service merit compensation be awarded each year (\$647,000 by FY21). Other costs were believed to be relatively minimal, but would include routine office supplies and telecommunications expenses, and one-time equipping expenses (these can be several thousands of dollars depending the availability of existing equipment, furniture etc.). LDR may also be responsible for board member travel expense reimbursements.

Upon further review, LDR now indicates that it anticipates only minimal costs each year. Any functions performed by LDR will be absorbed by the current staff and resources. No information is provided to reconcile the two different assessments of cost. However, the reallocation of existing resources within an agency does not necessarily mean there is no cost associated with the requirements of a bill. In this instance those costs may supplant or delay other functions/activities of the Policy Services Section of the Department.

Ramp-up time during FY17 suggests the need for less than a full year's expenses in that first year, then full-year costs would occur in FY18 and beyond. Actual LDR costs and staffing requirements will depend upon the extent of activity the Institute's board pursues in fulfilling the requirements and goals of the bill.

REVENUE EXPLANATION

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

Senate Dual Referral Rules House

- | | |
|---|--|
| <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