

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 51** SLS 17RS 43

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 19, 2017	3:40 PM	Author: PEACOCK
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Tax Credit For Taxes Paid To Another State		

TAX/TAXATION

OR DECREASE GF RV See Note

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Requires a credit to be given on income taxes for franchise taxes paid in another state. (gov sig)

Provides a tax credit to individual partners or members of pass through entities that paid an entity level tax to another state that was based on income included in the entity's federal gross income. Each members credit is their proportionate share of the entity level tax paid to the other state on of after January 1, 2017.

Effective upon governor's signature.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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						

EXPENDITURE EXPLANATION

The Dept of Revenue will incur costs associated with designing, modifying, and testing the tax processing system. These costs are typically estimated in the tens of thousands of dollars of staff time. An assessment of the cumulative need resulting from all legislation is made at the end of session which informs the budget request of the Dept.

REVENUE EXPLANATION

The bill reduces the tax liability of individuals who are members of various pass through entities such as partnerships, limited liability companies, and S-corporations. The Dept of Revenue indicates that it does not collect information from such entities that reflects the taxes paid to other states, and can not estimate the amount of additional tax credit the bill will result in. However, the amount could be significant in that the Dept identifies over 150,000 such entities in Louisiana.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer