LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 195** HLS 17RS 852
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2017 3:30 PM **Author:** REYNOLDS
Dept./Agy.: Revenue
Subject: Corporate Income & Franchise Tax Apportionment/Allocation **Analyst:** Greg Albrecht

TAX OR INCREASE GF RV See Note

Provides relative to the tax treatment of certain corporeal movable property located in La. in a foreign trade zone

Present law provides that property in the state that is located in U.S. customs-bonded warehouses or foreign trade zones is considered outside of the state for purposes of determining the apportionment ratio for corporate income tax and the allocation ratio for corporate franchise tax. This works to reduce these two tax bases.

Proposed law changes internal references within present law that effectively consider these properties as located inside the state for purposes of determining apportionment and allocation ratios. This works to increase these two tax bases.

Applicable to tax periods beginning on and after January 1, 2018.

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	$0	$0	$0	$0	$0	**$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.	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	$0	$0	$0	$0	$0	**$0**
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

According to the Dept. of Revenue, the bill effectively considers property in U.S. customs-bonded warehouses or foreign trade zones as located inside of the state for purposes of determining the apportionment ratio for corporate income tax and the allocation ratio for corporate franchise tax. This works to increase these two tax bases, and consequently tax liabilities. The amount of such liability and increase, and ultimate increase in tax receipts can not be determined since the Dept. of Revenue does not capture data necessary to measure or estimate these values for firms that may be affected. Since the franchisee tax is payable in advance, a 2018 tax year start to this change should increase tax liabilities payable before the end of FY18.

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}

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