

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 240** SLS 17RS 613

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 7, 2017	3:49 PM	Author: RISER
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Income Tax Exemption For Victims of Floods		

TAX/INCOME/PERSONAL

EG DECREASE GF RV See Note

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Exempts flood victims from paying state individual income tax for the 2017 tax year. (gov sig)

Provides an individual income tax exemption, for tax year 2017 only, to taxpayers who incurred \$10,000 of more of casualty losses from flood or tornado declared major disasters between January 1, 2016 and March 1, 2017. Single filers can exempt \$50,000 of income while joint filers can exempt \$100,000.

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	\$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

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

According to The Office of Community Development in the Divisions of Administration, there are approximately 112,000 of FEMA verified loss claims related to flooding. Tornado claims will add somewhat to that claims base. Some of these losses may not exceed the \$10,000 threshold for eligibility for the income tax exemption provided by the bill, but that figure will be taken as the taxpayer exposure to the state fisc. These taxpayers will have a wide range of incomes from which \$50,000 or \$100,000 of income can be exempted, with some having their entire income exempted and some having only a portion of their income exempted, and some may not even claim the exemption they would be entitled to. Even if low assumptions of only \$25,000 of income are exempted at a 2% tax rate, for one-half the affected group, the revenue loss exposure to the state is some \$28 million. Thus, it seems likely that the revenue loss realized by the state will be significant in FY18, when most tax year 2017 returns will be filed.

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