

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 182** SLS 17RS 432

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

| | |
|--------------------------------------|-------------------------------|
| Date: | Author: MORRELL |
| Dept./Agy.: Revenue | Analyst: Greg Albrecht |
| Subject: Inventory Tax Credit | |

TAX/AD VALOREM EG1 DECREASE GF RV See Note Page 1 of 1
Provides for the tax credit for ad valorem taxes paid on inventory by taxpayers included in one consolidated federal income tax return. (gov sig)

Present law requires all taxpayers included in one consolidated federal income tax return to be treated as a single taxpayer for purposes of the limitations on the refundability of the credit. The Department of Revenue is to promulgate rules to ensure that affiliated or related taxpayers are considered as one taxpayer.

Proposed law requires the rules to ensure that only taxpayers included in a consolidated federal income tax return are considered as one taxpayer. Applicable to all claims on any return filed on or after July 1, 2017, regardless of the taxable year to which the return relates, but not applicable to an amended return filed on or after July 1, 2017 with properly claimed credits on the original return.

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> | <u>\$0</u> |
| 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> | <u>\$0</u> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

The bill may make it easier for the Department to apply the provisions of present law by being able to look to one consolidated federal income tax return to establish affiliation or relation between taxpayer entities, rather than establish that for affiliated or related taxpayers not filing a consolidated federal income tax return.

REVENUE EXPLANATION

Under present law, limited refundability of the credit is applicable to affiliated/related taxpayers whether they file one consolidated federal income tax return or not. Proposed law seems to require that these affiliated/related taxpayers file one consolidated federal income tax return in order to be subject to the refundability limitations. Thus, the bill appears to expand the potential number of taxpayers that are not subject to limited refundability, and may result in greater annual refunds of the credit than would otherwise occur. This would be realized against the state fisc as a reduction in net tax collections from what would otherwise be the case.

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