

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 10** HLS 181ES 78  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 6, 2018 12:13 PM	<b>Author:</b> JAMES
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Personal Income Tax - Federal Disaster Relief Windfall	

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 Modifies the term "federal income tax liability" to include certain federal net disaster losses (Item #9)

Present law allows taxpayers to deduct the amount of their federal income tax when computing their LA taxable income.

Proposed law provides that the federal income tax deduction is not to be reduced by the amount of any federal income tax decrease from claiming the federal standard deduction or federal itemized deduction for certain net disaster losses as provided by Section 11028 of United States Public Law 115-97.

Effective retroactively to tax years beginning on January 1, 2015 but before January 1, 2018; tax years 2015, 2016, and 2017.  
 Effective upon governor's signature.

EXPENDITURES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

REVENUES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The federal tax deduction works to reduce LA taxable income and consequently LA income tax liability. Federal disaster tax relief works to reduce the federal tax deduction taxpayers could claim on their state income tax returns. This increases their state taxable income and consequently their state income tax liability. In the absence of this bill, taxpayers would be required to file amended state tax returns that incorporated their reduced federal income tax liability, and would be subject to increased state tax liabilities. This bill precludes that from happening and holds the federal tax deduction, LA taxable income, and LA tax liabilities to levels that would otherwise occur had no federal disaster tax relief been received.

While this bill will preclude the State from receiving additional personal income tax collections associated with federal disaster relief, it does not seem reasonable to presume that the official revenue forecasts incorporate an expectation of receiving revenue as the result of disaster events, and the anticipated future State revenue baseline would be considered unaffected by a bill such as this.

The potential revenue affected by the bill is unknown, although the Dept. of Revenue reviewed the experience in the post-Katrina/Rita period when a similar state hold-harmless provision was enacted to assess taxpayer participation. The state tax results of that review with respect to federal disaster relief deductions was relatively small, about \$315,000 in the aggregate. Thus, given the smaller scale of disasters motivating the federal relief, any foregone revenue receipts attributable to this bill are likely to be considerably smaller than that amount.

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**