

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



Fiscal Note On: **SB 18** SLS 182ES 53

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 1, 2018	11:20 AM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Tax Credit Registry		

TAX/TAXATION

RE +\$205,000 GF EX See Note

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Creates a tax credit registry for tax credits with carryover provisions. (Item #21) (gov sig)

Proposed law requires the establishment of a tax credit carry-forward registry of certain nontransferable outstanding income and corporate franchise tax credits with carry-forward provisions. Eligible credits not fully utilized on tax returns filed by January 1, 2019 are to be included in the registry. Issuing agencies are to notify the Revenue Dept. of credits granted. Taxpayers with unused credits earned prior to January 1, 2018, with no credit contract or certificate of credit, must claim the credit on a return filed for the income tax period beginning on or after 1/1/18 and before 1/1/19, or the franchise tax period beginning on or after 1/1/19 and before 1/1/20, or register the credit; otherwise the unused credit amount is voided unless exception is granted pursuant to administrative rules issued by the Dept., but only with JLCB approval. The bill also requires the FY19 Tax Exemption Budget (published by 3/1/20) to include various pieces of non-confidential information regarding tax credits received by businesses. Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$205,000	\$0	\$0	\$0	\$0	<b>\$205,000</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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$205,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$205,000</b>

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

According to the Dept. of Revenue, there are currently 21 credits required for inclusion in the registry; 11 administered by the Dept. of Revenue, and 10 by other agencies. Of returns filed during FY17, 2,115 claimed at least one of the affected credits. The Dept. estimates some \$205,000 of information technology costs for design, development, and testing of the system needed to track the affected credits. To the extent new credits are enacted in the future the system must be capable of incorporating them. The Dept. expects to be able to handle the manual return checking and interaction with taxpayers and other administering agencies of this relatively limited number of affected returns with the same staff resources currently administering the film tax credit program cap. The need for additional personnel and costs will ultimately depend on the complexity of the registry system and the number of ongoing interactions involved with taxpayers and administering agencies.

**REVENUE EXPLANATION**

There is a possibility for state net receipts to gain, to the extent unused claims are not registered as required and are thereby voided. Any such potential revenue gain is speculative.

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*  
**John D. Carpenter**  
**Legislative Fiscal Officer**