

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 37** HLS 201ES 38
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 18, 2020 9:14 AM	Author: HARRIS, LANCE
Dept./Agy.: LA Dept. of Revenue	Analyst: Zachary Rau
Subject: Waiver of late filing penalties and interest	

REVENUE DEPARTMENT RE DECREASE SG RV See Note Page 1 of 1
 Requires the Department of Revenue to waive penalties and interest for certain taxpayers for tax year 2019 (Item #29)

Proposed law waives all late filing penalties and interest associated with late filing or payment of individual income, corporate franchise & income, fiduciary, and partnership tax filings made for the 2019 and 2020 tax years for filers whose health or that of their tax preparers were affected by COVID-19. Proposed law requires submission of documentation for persons or firms affected by COVID-19. Effective July 1, 2020.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
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	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	DECREASE	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	\$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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The LA Dept. of Revenue (LDR) reports indeterminable decreases in SGF and SGR collections as a result of this measure. The decreases are associated with the waiving of penalties and interest for tax filers affected by COVID-19 (either personally or if their tax preparer was affected). The proposed legislation would affect filings for the 2019 and 2020 tax years, which would affect filings for the 2019 calendar year, fiscal year returns for periods ending in 2020, filings for the 2020 calendar year, and fiscal year returns for periods ending in 2021. Furthermore, the relief is not capped, therefore filings made for these periods made later than 2021 may conceivably have their penalties and interest waived. However, the revenue loss associated with this measure is ultimately indeterminable and dependent upon the number of taxpayers and preparers affected by COVID-19. While actual penalty and interest waivers allowed by this bill may be relatively small, the bill can only work to reduce those receipts from what they would otherwise be. For reference, FY 19 interest collections totaled \$36.8 M, delinquent penalties totaled \$16.3 M, and late payment penalties totaled \$13.6 M. As of 6/15/2020, LA had 47,712 diagnosed cases of COVID-19.

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}

Gregory V. Albrecht
Chief Economist