

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 36** SLS 21RS 58
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 17, 2021 7:24 PM	Author: REESE
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Net Operating Loss Deduction	

TAX/INCOME/CORPORATE EG1 DECREASE GF RV See Note Page 1 of 1
 To provide relative to net operating loss deductions on Louisiana corporation income. (gov sig)

Current law allows a deduction for net operating losses that can be carried over for 20 years if not fully used in any particular year.

Proposed law eliminates the 20-year maximum carry-over period, allowing unlimited time for utilization loss amounts. Applicable to all claims filed on or after January 1, 2022, relating to loss years on or after January 1, 2001.

Effective upon governor's signature.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	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>	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill would preclude the expiration of net operating losses at the end of their 20-year carry-forward period, and remove any downward influence on the stock of losses available for deduction. The stock of net operating losses available for use, under the current law 20-year carry-forward period is substantial and growing. Returns filed during FY18 had \$79.039 billion of losses available for use after utilizing \$1.875 billion of losses on those returns. Returns filed during FY19 had \$86.178 billion of losses available for use after utilizing \$2.513 billion of losses on those returns. Returns filed during FY20 had \$95.116 billion of losses available for use after utilizing \$3.570 billion of losses on those returns.

In the aggregate, the bill's practical effect would seem to be to allow the stock of unused losses available for deduction to accumulate faster. However, for some particular firm or firms in some particular year or years the bill could result in the availability of losses for deduction that might not otherwise be available. To that extent, the bill can only work to decrease net state tax collections from what they would otherwise be.

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}

Christopher A. Keaton
Legislative Fiscal Officer