



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

Fiscal Note On: **HB 329** HLS 22RS 96  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 23, 2022 10:11 AM	<b>Author:</b> ZERINGUE
<b>Dept./Agy.:</b> Revenue	
<b>Subject:</b> Appropriates judgments from Board of Tax Appeals	<b>Analyst:</b> Deborah Vivien

TAX APPEALS/BOARD EG SEE FISC NOTE GF EX See Note Page 1 of 1  
 Provides for the payment of certain judgments issued by the Board of Tax Appeals for approved claims

Current law authorizes Board of Tax Appeals (BTA) judgments for legacy claims against the state of \$20,000 or less to be paid by the Department of Revenue (LDR) to taxpayers without interest or appropriation, totaling up to \$2M annually. Board of Tax Appeals judgments up to \$250,000 require approval of the Litigation Subcommittee of the JLCB before payment without interest or appropriation. Proposed law repeals current law and makes these judgments of the Board of Tax Appeals subject to appropriation by the full legislature with no caps.

Current law authorizes claims under \$1M to be taken as a non-refundable offset of future tax liabilities for up to 5 years. Proposed law retains current law.

Effective upon signature

<b>EXPENDITURES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	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><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	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><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The bill impacts legacy payments resulting primarily from the 2018 finding of unconstitutionality of the tax credit for payments made to other states in Act 109 of 2015 Regular Session. The ruling required returning funds to a large number of taxpayers. In 2018, a taxpayer could pursue a refund with LDR or a claim against the state with the Board of Tax Appeals (BTA). Act 367 of 2019 Regular Session allows the LA Department of Revenue (LDR) and BTA to agree that claims against the state may be filed directly with LDR in order to expedite payment for claims less than \$250,000 (without interest) to the taxpayer. Claims against the state of \$20,000 or less are currently paid without interest or appropriation. Claims against the state between \$20,001 and \$250,000 require approval of the Litigation Subcommittee of the JLCB, and are then paid without interest or appropriation (no payments have been issued in this manner.) Claims larger than \$250,000 require an appropriation.

The bill would make all payments of \$250,000 or less subject to appropriation. The year in which the appropriation is to be made is not mandated in the bill. To the extent the taxpayer can pursue a refund instead of an appropriation, which is the case with 7 claims, an additional interest obligation may result.

Claims impacted by this bill are:

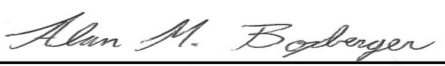
	<b>Claim Amount</b>	<b>Outstanding</b>
<b>Approved but not yet paid</b>	\$20,000-\$250,000	37 claims totaling \$2.6M
<b>Pending claims</b> (final amount may change)	Under \$20,000	168 claims totaling \$1.1M
<b>TOTAL</b>	\$20,000-\$250,000	52 claims totaling \$3.7M
		257 claims totaling \$7.4M

Additional legacy claims may be impacted by the bill. If each judgment, particularly those under \$20,000, must be paid through an appropriation bill, the volume could require additional resources at the Department of Treasury.

Judgments of less than \$20,000 are currently limited to an aggregate total state payment of \$2M per year. This cap is removed from the bill, but pending claims less than \$20,000 currently total less than \$2M.

**REVENUE EXPLANATION**

The bill would restore to gross receipts amounts associated with judgments for claims against the state of \$20,000 or less that are currently paid by LDR totaling up to \$2M annually from state tax proceeds. The payments are not currently included in the net receipts that form the basis of the revenue forecast. Appropriating these payments will increase the reported net receipts by the amounts of the payments that would have been issued under current law as they will no longer be subtracted from gross receipts. This note assumes that impact in FY23, but it would depend on the resolution and payment of the pending claims under \$20,000, which totals about \$1.1M.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	 <b>Alan M. Boxberger</b> Interim Legislative Fiscal Officer
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	