



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 3** SLS 23RS 39
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 26, 2023 2:37 PM **Author:** ALLAIN
Dept./Agy.: Revenue **Analyst:** Benjamin Vincent
Subject: Tax Triggers: Move Annual Calculation Date to January

TAX/TAXATION Page 1 of 1
 OR NO IMPACT GF RV See Note
 Changes the month for the annual determination of the personal income tax and corporate franchise tax automatic rate reductions. (8/15/23)

Present law provides for automatic tax rate reductions for Individual Income Tax and Corporate Franchise Tax, in the event that certain tax collections exceed a counterfactual baseline and that the Budget Stabilization Fund balance meets or exceeds 2.5% of total state revenue receipts. Present law provides for a baseline of tax collections, and specifies that the comparison between actual collections and the baseline will be performed annually beginning on April 1, 2024 and each April 1 thereafter for 10 years for Individual Income Tax and in perpetuity for Corporate Franchise Tax.

Proposed law changes the date of the initial and recurring annual comparisons from April 1 to January 1.

Effective August 15, 2023.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</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>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</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

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. All necessary inputs into the calculation and comparison are routinely prepared and released prior to the new date specified by proposed law.

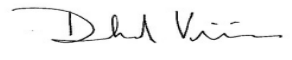
REVENUE EXPLANATION

There is no anticipated material effect on governmental revenues as a result of this measure. An earlier comparison will not affect the values of the components of the calculation inputs, and thus cannot affect the magnitude of any potential tax rate cuts. The expenditure limit growth factor will not be certified by JLCB on January 1 since third quarter personal income data is not reported until the end of December. However, the data to calculate the anticipated expenditure limit growth factor will be available on January 1, if there are no changes to current calculation methodology.

Given that January 1 is a state holiday, it is not clear whether the necessary information will be available on that exact date, which appears to be specified in the bill. LFO notes that some ambiguity exists as to whether proposed law requires that the calculation be performed on exactly January 1, or allows for a calculation after that date.

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}



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