



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 162** HLS 23RS 630
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 2, 2023	11:44 AM	Author: WILLARD
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Earned Income Tax Credit		

TAX CREDITS OR -\$66,900,000 GF RV See Note Page 1 of 1
 Increases the amount of the earned income tax credit

Current law provides a refundable credit against Individual Income tax equal to 5% of the federal Earned Income Tax Credit (EITC) for which the taxpayer is eligible. Current law provides that for tax years beginning after December 31, 2030, the state credit will equal 3.5% of the federal credit.

Proposed law doubles the state credit to 10% of the federal credit, applicable for tax years beginning on or after January 1, 2023. Proposed law retains provisions in current law for the size of the credit for tax year 2031 and beyond.

Effective upon governor's signature.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	(\$66,900,000)	(\$71,700,000)	(\$73,800,000)	(\$75,300,000)	(\$76,800,000)	(\$364,500,000)
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$66,900,000)	(\$71,700,000)	(\$73,800,000)	(\$75,300,000)	(\$76,800,000)	(\$364,500,000)

EXPENDITURE EXPLANATION

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

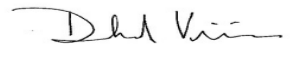
REVENUE EXPLANATION

Proposed law would effectively double the EITC credits issued by the state, beginning in Tax Year 2023 and continuing through Tax Year 2030. The anticipated revenue impact in FY24 is a general fund reduction of approximately \$66.8 million due to proposed law in FY24, increasing to an estimated \$76.8M by FY 28. Similar impacts will continue beyond the fiscal note horizon to FY31.

Based on the 2019 returns (the year before the pandemic data disruptions), about 474,000 filers claimed \$69.5M in EITC credits. LDR notes that 94% of eligible EITC claims are typically made in the year of eligibility, 5% in the following year, and the remaining 1% in the 2nd following year. The impacts reflected in the table above incorporate historical patterns in EITC claims timing, and an assumption of modest future growth in EITC participation.

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}



Deborah Vivien
Chief Economist