



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 255** HLS 23RS 569
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 5, 2023	6:58 PM	Author: LANDRY
Dept./Agy.: REVENUE		
Subject: Individual Income Tax Credits: Oyster Shell Recycling		Analyst: Benjamin Vincent

TAX CREDITS EN DECREASE GF RV See Note Page 1 of 1
 Establishes a tax credit for restaurants that recycle oyster shells

Proposed law provides a refundable credit against corporate or personal income taxes of \$1 for each 50-pound increment of oyster shell material donated to the Coalition to Restore Coastal Louisiana's (CRCL) Oyster Shell Recycling Program (OSRP) by a restaurant, limited to a maximum of \$2,000 per claimant per year, and \$100,000 in total credits issued per calendar year. Proposed law specifies that claims of the credit will not be accepted for taxable years beginning after December 31, 2028. Proposed law additionally specifies that the Department of Revenue may designate other recycling programs as approved for eligible donations.

Effective January 1, 2024.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$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

EXPENDITURE EXPLANATION

The Department of Revenue indicates that the costs to modify and test tax systems to incorporate the credit to income provided by the bill would be approximately \$53,000 of staff time. LFO believes that the department can absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

REVENUE EXPLANATION

Proposed law would result in a reduction of unknown magnitude to general fund revenues, via reduced individual and corporate income tax receipts. The bill limits total credits granted per calendar year to \$100,000. The \$2,000 maximum credit per claimant implies that an individual restaurant would qualify for the credit for up to 100,000 pounds of shell material per taxable year.

CRCL has operated the OSRP program without tax credits or incentives since 2014. LDR reports that approximately 31 restaurants have participated in the program, and 21 report as currently participating. Over its history, a total of approximately 10 million pounds of shell material has been donated by restaurants.

For informational purposes, in a scenario where a similar level of eligible donations continued under OSRP, and were spread evenly over the 21 restaurants currently participating, each would be eligible for approximately \$1,600 in credits. In such a scenario, the total general fund revenue impact would be a loss of approximately \$34,000 annually. To the extent that other recycling programs currently donate recycled shell material and are eventually approved for participation by LDR, and to the extent that the credit in proposed law increases the aggregate amount of eligible donations made statewide, the actual revenue impacts would be larger.

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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