



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 44** SLS 25RS 161
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2025	7:09 PM	Author: LUNEAU
Dept./Agy.: Dept. of Revenue		
Subject: Refundability of Certain Income Tax Credits		Analyst: Noah O'Dell

TAX/TAXATION EG INCREASE GF RV See Note Page 1 of 1
Provides relative to the transfer and refundability of certain income tax credits. (gov sig)

Current law provides for the refundability and/or transfer of certain income tax credits: local inventory taxes paid, taxes paid with respect to vessels in outer continental shelf lands act waters, and recycling of oyster shells.

Proposed law makes these particular credits nonrefundable. Taxpayers may only apply the credits against Louisiana income tax liability. Unused credits may be carried forward for up to five or ten years, depending on the credit.

Effective upon signature of the governor an applicable to tax periods beginning on or after 2026.

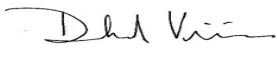
EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

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

REVENUE EXPLANATION
Proposed law will likely result in an indeterminable increase in SGF revenues as taxpayers claiming certain credits that are refundable in existing law will only be able to claim up to their tax liability. The bill changes the nature of certain tax credits from refundable to nonrefundable with a carryforward period specified for each credit. Each of the affected credits has its own pattern of total claims and amounts of offsetting tax liabilities, ultimately determining the balance refunded in excess of tax liabilities. But in each case, presumably certain amounts of the total credit available are refunded each year, indicating that sufficient tax liabilities are not available for the taxpayer to exhaust the credits each year. Thus, greater net receipts are likely to be retained by the state during the years of this bill’s effectiveness. In each year of the bill’s effectiveness, taxpayers will only be able to use the credit against tax liabilities owed in the taxable year and the subsequent years of the credit’s specified carryforward period. While the carryforward of unused liabilities is available, it is likely that in the aggregate these unused credit amounts will not be fully realized during the carryforward period. Thus, the excess credit amount that was previously refundable will no longer be refunded is assumed to be the potential revenue gain from the bill.

Data reported from the Department of Revenue using returns of impacted taxpayers suggests taxpayer refunds affected by the bill exceed taxpayer liabilities by approximately \$35.2M, if the bill were in place in 2024. This analysis does not include changes to income taxes that took place in the 2024 3rd ES. Without refundability the taxpayers would be forced to carryforward the credits into future years tax years and in the event no such liability takes place, the state would gain revenue in the amount of unused credits. The exact timing and realization of such revenues gains would rely upon the future tax liability and the circumstances of each taxpayer, which are subject to change from year to year and could also depend upon on whether additional credits are earned in subsequent years.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input 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 checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Deborah Vivien Chief Economist