

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 177** SLS 11RS 252

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP SEN COMM AMD**

Sub. Bill For.:

Date: May 18, 2011	12:45 PM	Author: HEITMEIER
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Credit For Higher Education Loan Interest		

TAX/INCOME/PERSONAL OR -\$94,800,000 GF RV See Note Page 1 of 1

Grants a non-refundable income tax credit for 10% of the deduction from gross income taken by a taxpayer on his federal income tax return for interest paid on a loan for higher education expenses. (gov siq)

Provides a refundable tax credit to resident taxpayers for 100% of the adjustment taken on the federal tax return for interest paid on a loan for higher education expenses.

Effective for all tax periods beginning on and after January 1, 2011.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	(\$94,800,000)	(\$94,800,000)	(\$94,800,000)	(\$94,800,000)	(\$94,800,000)	(\$474,000,000)
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	(\$94,800,000)	(\$94,800,000)	(\$94,800,000)	(\$94,800,000)	(\$94,800,000)	(\$474,000,000)

EXPENDITURE EXPLANATION

The Department of Revenue will incur costs associated with modifying tax forms (hardcopy and online) to accommodate this new credit. Typically, adjustments such as this may require \$20,000 - \$30,000 of staff time and effort to design, set up, and test.

REVENUE EXPLANATION

The estimated amount of federal adjustment for higher education loan interest taken by Louisiana residents is \$94.8 million. This estimate is based on 2008 federal tax year data for all filers in the U.S. and from Louisiana (the latest available). In that data 6.4% of U.S. returns claimed this adjustment, with an average return amount of \$846. Applying that share to total Louisiana returns gives nearly 112,000 returns expected to be able to take this new state credit. Assuming the average U.S. claim amount, the aggregate amount of credit claims against Louisiana tax liabilities is \$94.8 million. Since the credit is refundable, all of this aggregate credit amount would be expected to be realized against state tax liabilities.

<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 >= \$500,000 Annual Fiscal Cost {S}	<i>H. Gordon Monk</i>
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF 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}	H. Gordon Monk Legislative Fiscal Officer