



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: SB 257 SLS 11RS 1
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

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Dept./Agy.: Economic Development / Revenue Analyst: Greg Albrecht
Subject: Port Investor Tax Credit, Export/Import Cargo Tax Credit

TAX/TAXATION OR SEE FISC NOTE GF RV Page 1 of 1

Remove the requirement for certification by the commissioner of administration and approval by the Joint Legislative Committee on the Budget and the state bond commission before the Investor Tax Credit and the Import Export Cargo Credit Current law establishes the Port Investor Tax Credit (Act 474 of 2009), which grants tax credits of 5% per year of the total capital costs associated with qualifying port infrastructure projects, for a twenty-year period (essentially reimbursing total costs over 20 years). Effective until January 1, 2015 and no tax credits shall be granted after that date.

Current law also establishes the Export/Import Cargo Tax Credit (also Act 474 of 2009), which grants tax credits of \$5 per ton of qualified cargo shipped through LA ports.

Current law requires, for both credits, approval of the Joint Budget Committee and the Bond Commission, and certification by the commissioner of administration that sufficient revenue is available to the state to offset the costs of the credits.

Proposed law removes the required approvals of the Joint Budget Committee and the Bond Commission, and the certification by the commissioner of administration that sufficient revenue is available to the state to offset the costs of the credits.

Effective July 1, 2011.

Table with 7 columns: EXPENDITURES, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The Port Investor Tax Credit Program was enacted by Act 474 of 2009. The fiscal note on that bill discussed the various parameters of that program and provided estimates of state revenue exposure in a low range from \$500,000 - \$750,000 per year and accumulating each year as projects qualify to a high range of \$2 million - \$3 million per year and accumulating each year.

The Import/Export Cargo Tax Credit Program was also enacted by Act 474 of 2009. The fiscal note on that bill discussed the various parameters of that program and provided estimates of state revenue exposure at a minimum level of some \$3.5 million per year and a maximum range of \$4.4 million - \$4.9 million per year.

According to the Department of Economic Development, program rules for the Port Investor Tax Credit were promulgated in November 2010 but no applications for the program have been received to date. Program rules for the Import/Export Cargo Tax Credit have not yet been promulgated. Under current law, Port Investor credits can be granted up to January 1, 2015, while the availability of Import/Export Cargo tax credits do not expire.

It is not clear that these programs will become operational in the future. To the extent they do become operational, removal of the required approvals by the Joint Budget Committee and the Bond Commission, and the certification by the commissioner of administration that sufficient revenue is available to the state to offset the costs of the credits, both programs may approve more applicants than might otherwise occur. To the extent these provisions would prove restrictive in the application of these two programs, removal of them would work to increase the state's tax revenue exposure.

Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}
H. Gordon Monk
Legislative Fiscal Officer