

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 177** SLS 13RS 363

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 13, 2013	2:46 PM	Author: RISER
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Income Earned for Nonresident Disaster Aid Excluded		

TAX/TAXATION

OR DECREASE GF RV See Note

Page 1 of 1

Creates the Rapid Response to Declared Disasters Income Tax Exclusion Act to exclude from gross income certain monies received for services rendered by nonresidents during a declared disaster or emergency. (gov siq)

Current law subjects income earned in the state by businesses and individuals to state taxation even if the business or individual are not domiciled or reside in the state.

Proposed law would exclude from state income tax, both corporate and personal, income earned by nonresident businesses and individuals from disaster or emergency related work rendered during a declared disaster.

Effective to all tax years beginning on and after January 1, 2013.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>	<u>\$0</u>
Annual Total						


EXPENDITURE EXPLANATION

The Department of Revenue will incur relatively minor costs to modify corporate and personal income tax processing systems to allow for this additional exclusion from income.

REVENUE EXPLANATION

The Department of Revenue reported that it can not identify any particular audit cases where entities targeted by the bill are being pursued for taxes owed, although one case was mentioned of an employer who voluntarily came forward for failure to withhold income taxes for employees. However, it is likely that there are tax payments being made by entities that this bill would exclude from tax. It is commonly understood that the source of income largely determines the applicability of tax, and businesses and individuals routinely file tax returns in multiple states (over 190,000 nonresident personal income tax returns filed in 2011). In addition, declared disaster periods can be prolonged periods, making it likely that some tax is collected from these types of entities. Thus, while no specific estimate of tax loss exposure is possible, the bill can only work to reduce state tax collections.

<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) >= \$500,000 Annual Fiscal Cost {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}


John D. Carpenter
Legislative Fiscal Officer