



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 536 HLS 13RS 1054
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.: w/ PROP HSE COMM AMD
Sub. Bill For.:

Date: April 14, 2013 1:47 PM Author: JACKSON, K
Dept./Agy.: Revenue Analyst: Greg Albrecht
Subject: Deduction For Federal Taxes Paid Provided By Law

TAX/INCOME TAX OR SEE FISC NOTE GF RV Page 1 of 1
(Constitutional Amendment) Requires federal income taxes paid as a deductible item in computing state individual income tax and authorizes the deduction in computing state corporate income tax

Current law allows both individual and corporate income tax filers to deduct federal taxes paid when computing their state taxable income.

Proposed law authorizes this deduction for income taxes in general, as provided by law.

Effective January 1, 2014 upon adoption of this constitutional amendment a special statewide election to be held on October 19, 2013.

Table with 7 columns: EXPENDITURES, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 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, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 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

Deductibility of federal income taxes paid in the computation of state taxable income, both personal and corporate, is currently provided by R.S. 47:55, 47:241, and 47:287.85. Thus, the bill would appear to have no impact by itself.

However, the bill may contemplate, and companion statutory legislation may implement, the elimination of this deduction for personal and/or corporate income tax. In that case, taxable income would be greater, and state income tax revenue would be greater than otherwise. The Department's Tax Exemption Budget reports the foregone revenue from this deduction from corporate taxable income on a fiscal year basis as \$177.3 million in FY10, \$150.5 million in FY11, and \$203 million in FY12; averaging \$177 million for these three fiscal years. With regard to personal income tax, the Tax Exemption Budget reports the foregone revenue from this deduction from personal taxable income on a fiscal year basis as \$695 million in FY10, \$689 million in FY11, and \$706 million in FY12; averaging \$697 million for these three fiscal years.

In any given fiscal year, returns are processed from more than one tax year. Thus, in the initial year after elimination of the deduction, the annual revenue gain would likely be less than a fiscal year average amount but increase in subsequent years to a value more closely approximated by or in excess of the fiscal year average estimate.

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

Signature of John D. Carpenter
John D. Carpenter
Legislative Fiscal Officer