

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 377** HLS 13RS 397

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 30, 2013	5:36 PM	Author: LEGER
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Tax Credit Registry		

TAX CREDITS

OR SEE FISC NOTE GF EX

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Establishes a registry for tax credits and provides relative to the period of time to report claims or a transfer to the registry

Proposed law requires state agencies administering tax credits to send identifying information to the Department of Revenue to be entered into a centralized electronic tax registry database, the creation of which is mandated by this bill. Beginning September 1, 2013, both historical credits and any credit issued will have to be entered into the database with a unique identifier to allow for accurate tracking. Taxpayers must provide all necessary information concerning all credits, presumably even for credits already claimed. Taxpayers must also remit the price of the transfer, among other items. Noncompliance may result in loss of transferability and recapture of credits. Transfers, claims or refunds will be registered within ten days of occurrence. Agencies wishing to have access to the database must apply for departmental permission. Secretary of LDR will promulgate rules. Transfers of credits will have to be reported to LDR within 10 days instead of the 30 days required now.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
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Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

LDR indicates that about \$350,000 will be needed to develop the system by September 1, 2013, which will consolidate and track information on all credits, including transferable ones (the bill seems to speak to all credits, but then specifically amends transferable credit provisions). LDR also indicates the necessity of 3 additional personnel (2 revenue tax specialists and one investigator) to administer the registry on an ongoing basis. The registry will review credits upon receipt of the tax form. Currently, if credit review occurs, it occurs after the fact. The LFO has not been able to determine with certainty whether current credit review efforts/resources can be redirected to the administration of the registry. If they can, then additional costs appear to be primarily one-time costs associated with setting up a credit data tracking system and tying it into the Department's tax processing systems. If material resources have not been being expended on credit review, then the bill is effectively establishing a new program/activity within the Department, that will require one-time set up costs and ongoing administration.

REVENUE EXPLANATION

Successful implementation of this program/activity of reviewing tax credits will allow for more accurate accounting of the utilization of credits and the outstanding balances associated with them. It seems likely that the predominate revenue impact of an effective program/activity would be to increase net revenue collections as a result of denying inappropriate utilization of tax credits.

<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 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}

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