

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 268** HLS 13RS 374  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 29, 2013 7:34 PM	<b>Author:</b> FOIL
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Deduction For Portion of Wages Paid To Disabled	

TAX/INCOME TAX OR DECREASE GF RV See Note Page 1 of 1  
 Authorizes an income tax deduction for taxpayers who employ certain qualified disabled individuals

Allows a deduction for purposes of income taxation of a portion of wages paid to qualified disabled individuals. Eligible employees are those eligible for services through the Office for Citizens with Developmental Disabilities or the Louisiana Rehabilitation Services, or a person with a service-connected disability rating of 50% or more as designated by the U.S. Dept. of Veterans Affairs. The deduction is 50% of gross wages paid for at least 20 hours of work per week during the person's first four continuous months of employment and 30% during each subsequent continuous month of employment.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There would be one-time expenses by the Revenue Department to modify tax forms and processing systems to accommodate this new deduction. These types of modifications typically involve \$20,000 - \$40,000 of workload costs, plus additional taxpayer inquiries and guidance.

**REVENUE EXPLANATION**

There is a fairly large pool of potentially eligible individuals whose wages could be subsidized by the tax deduction provided by the bill if employed. The Office for Citizens with Developmental Disabilities reports that over 25,000 persons in the state are eligible to receive services through its programs, and the Louisiana Rehabilitation Services reports that over 29,000 persons are eligible to receive services through its programs. In addition, the State Department of Veterans Affairs estimates that there are over 61,000 individuals in the state with service-connected disability ratings of 50% or more. While there may be some overlap in these groups, they appear to be largely distinct.

There does not appear to be good data indicating the total number of these individuals actually employed, although Louisiana Rehabilitation Services reported that 2,140 persons it serviced obtained employment in FY12. While a small number relative to this bill's eligible pool, it represents an annual number and suggests that several thousand eligible persons could be currently employed that might generate deductions under this bill. However, if the bill only applies to eligible individuals newly employed after the bill is enacted, then a smaller number of individuals would begin to generate deductions in the first year. Each subsequent year the number in the program would grow as new hires occurred and existing participants continued in the program over the life of their employment. Tax deductions would accumulate each year resulting in larger and larger annual state revenue losses.

The types of employment these individuals are engaged in is likely as varied as the spectrum of occupations in the economy. The Developmental Disabilities Office indicated that recipients of their services were employed in jobs as diverse as construction laborers, food service workers, clerical support, welders, electricians, nurses, office managers etc. Rehabilitation Services indicated that sizable shares of its FY12 placements were in construction and extraction industries, healthcare, sales, office/administrative support, and food preparation/service. Many of these occupations would meet the 20 hours per week work requirement of the bill, and would have wages well in excess of minimum wage. The state's revenue loss exposure would seem to be material, and would grow over time.

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|---|----------------------------|--|
| <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} |

*John D. Carpenter*  
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**Legislative Fiscal Officer**