

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 78** SLS 15RS 195

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 27, 2015	9:05 AM	Author: MILLS
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Tax Exemption Instrument Review & Recommendation		

TAX/TAXATION

RE SEE FISC NOTE GF EX

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Establishes the Exemption Review Conference and provides for the review and certification of fiscal notes, the sunset of, review, and recommendation on the continuation of tax benefits, and establishes certain procedures with respect to tax

Proposed legislation requires that each tax exemption instrument required to be prefiled include an Exemption Explanatory Note prepared by the author or by a proponent of the instrument on the author's behalf. Proposed legislation requires the exemption explanatory to include the following information: 1.) total decrease in taxes, fees, or other revenue estimated over the 5 ensuing fiscal years from the instrument's effective date, 2.) state revenue loss ratio {the amount of money to be gained by the state compared to the cost of the benefit granted}, 3.) impact on household earnings, employment and value added in Louisiana, 4.) an indication of which beneficial economic actions will be incentized by the instrument, 5.) data indicating whether the same or similar provisions have been enacted in other states or territories of the US or other nations, 6.) the methodology and assumptions utilized to produce the information in the report. Proposed legislation provides for the chief clerical officer of the respective house of prefiling provide these documents to the legislative fiscal office and require the fiscal office to review the information, and such information may be included in the fiscal note for the instrument. Effective upon governor's signature.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	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	2015-16	2016-17	2017-18	2018-19	2019-20	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

EXPENDITURE EXPLANATION

This bill may result in an indeterminable increase in state general fund expenditures of the Legislative Fiscal Office. The potential cost increase is dependent upon the number of instruments filed, the complexity of the proposals, and the amount and complexity of the documentation provided in support of the exemption explanatory note. This bill will likely result in a significant increase in the workload of the legislative fiscal office staff economists as these individuals will be required to review all of the information submitted relative to these tax exemption proposals.

For context, the two staff economists within the Legislative Fiscal Office have been assigned over 300 fiscal note requests related to tax/revenue issues during the 2015 Fiscal Session, which is a typical fiscal note workload of a fiscal session. Although all of the tax exemption instruments in a typical fiscal session may not meet the specific definition of the tax exemption instrument contained within this bill, most such instruments will qualify and increased work time will be required to review the analysis of the exemption explanatory notes and the supporting documents. Absent additional staff resources, actual fiscal note preparation and other revenue and budgetary analysis will be curtailed or delayed.

REVENUE EXPLANATION

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

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & 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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Chief Economist