

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



Fiscal Note On: **SB 5** SLS 161ES 42  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> February 26, 2016 2:50 PM	<b>Author:</b> LAFLEUR
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Citizens Assessment Tax Credit	

TAX/TAXATION OR +\$32,400,000 GF RV See Note Page 1 of 1  
 Provides for the suspension of Louisiana Citizens Property Insurance Corporation assessment income tax credit. (gov sig)

Current law grants a refundable tax credit for the Citizens Insurance assessments charged policyholders in the state.

Proposed law disallows the credit for all returns and claim forms filed on or after January 1, 2016 and on or before December 31, 2017. A two year disallowance.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</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>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$32,400,000	\$15,500,000	\$0	\$0	\$0	<b>\$47,900,000</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>\$32,400,000</b>	<b>\$15,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,900,000</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Since the bill is effective upon the governor's signature, it would likely result in an increase in net state revenue collections during FY16, although some claims for credit may have already been processed this calendar year. In recent calendar years, the average amount of aggregate claims has been \$43 million, and something close to half of that or \$21.5 million is likely in the second half of FY16 (the first half of the 2016 disallowance year). On a fiscal year basis, the average amount of aggregate claims in recent years has been \$45 million. That amount would be expected as net revenue gain in FY17. Then in the first half of FY18 (the second half of the 2017 disallowance year) another \$21.5 million might be expected.

The Citizens Assessment tax credit has been reduced by 28% by Act 125 of 2015 for three years. The estimates discussed above are based on credit claims at 100% of value. Adjusting those estimates down by 28% results in an estimated net revenue increase of \$32.4 million in FY17 and \$15.5 million in FY18.

To the extent some taxpayers delay claims until the credit is available again starting January 1, 2018, the net revenue gains discussed above for FY16 and FY17 would still occur, since the bill's disallowance and delayed taxpayer claims are effectively the same thing. However, that accumulated exposure could be realized against the state fisc in the latter half of FY18 when this disallowance is no longer effective. Negating some portion of the expected revenue gain in FY18.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & 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}

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