

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 31** HLS 161ES 92
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 26, 2016 6:03 PM	Author: LEGER
Dept./Agy.: Revenue	
Subject: Federal Income Tax Deduction	Analyst: Greg Albrecht

TAX/INCOME TAX RE SEE FISC NOTE GF RV See Note Page 1 of 1
 (Constitutional Amendment) Eliminates the income tax deduction for federal income taxes paid for purposes of calculating corporate income tax liability (Items #2 and 17)

Current law requires a deduction for federal income taxes paid when computing state income taxes.

Proposed law removes the requirement for the federal income tax deduction for corporate income tax.

Effective for all tax years beginning on and after January 1, 2017.

To be submitted to the electors at the statewide election to be held on November 8, 2016.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill removes the constitutional requirement for the deduction of federal income taxes paid when computing state corporate income tax, but does not appear to prohibit the deduction. The revised statutes provide for the deduction in R.S. 47:293(4) and 293(9)(a)(ii). These statutory provisions are not affected by this bill. Thus, the bill by itself does not change tax liabilities.

Based on fiscal year data from the Revenue Department 2015-16 Tax Exemption Budget, if the statutory deduction were also eliminated for corporate income tax filers, provided by R.S. 47:55, 47:241, and 47:287.85, approximately \$200 million of additional corporate tax liability would occur.

Senate Dual Referral Rules House

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|---|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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} |

John D. Carpenter
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Legislative Fiscal Officer