

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1120** HLS 16RS 1978
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 1, 2016 3:33 PM	Author: SCHRODER
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Establishes the Louisiana Tax Institute	

TAX/TAXATION OR +\$277,000 GF EX See Note Page 1 of 1
 Creates the Louisiana Tax Institute within the Dept. of Revenue as an advisory body on tax related matters

Proposed law establishes the Louisiana Tax Institute within the Department of Revenue to serve as the official advisory tax law revision and tax law reform agency of the state. The Institute is to be governed by a eight-member board serving three-year staggered terms, except for the Secretary of the Department of Revenue and the Commissioner of Administration. Board members are to receive reimbursement for travel expenses but receive no compensation. The Institute is to make tax law and procedural recommendations to the legislature to address defects and inequities in the tax laws; to cooperate with various organizations and propose tax law changes as recommended by them as well as the Board of Tax Appeals, the La Supreme Court, other La courts, and the public generally; render reports to the legislature and propose bills to carry out recommendations; organize and conduct meetings/seminars on current problems in tax laws; and review proposed/pending legislation and make recommendations concerning such legislation.
 Effective upon governor's signature.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$277,000	\$575,000	\$598,000	\$622,000	\$647,000	\$2,719,000
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	\$277,000	\$575,000	\$598,000	\$622,000	\$647,000	\$2,719,000

REVENUES	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

EXPENDITURE EXPLANATION

The bill appears to contemplate a permanent body with ongoing activity. Board members themselves are uncompensated, but are to receive travel expense reimbursement. The Revenue Department (LDR) estimates those reimbursements as \$400 to \$1,000 per meeting, depending on meeting lengths and the possible need for overnight accommodations. The bill refers to travel expenses in accordance with the guidelines of the entity each board member represents, but does not make clear who is responsible for actual reimbursement payments.

Given the permanent, ongoing nature of the Institute and the various activities the bill calls for, LDR suggests the need for permanent dedicated staffing, and recommends a six-person staff group, including three attorneys, two research analysts, and one administrative staffer. Total personnel costs of such a group would approximate \$553,000 per year, with costs growing by potentially 4% per year should full civil service merit compensation be awarded each year. LDR believes other costs are relatively minimal, but would include routine office supplies and telecommunications expenses, and one-time equipping expenses (these can be several thousands of dollars depending the availability of existing equipment, furniture etc.). In addition, LDR may also be responsible for board member travel expense reimbursements.

Ramp-up time during FY17 suggests the need for less than a full year's expenses in that first year, then full-year costs would occur in FY18 and beyond. Actual LDR costs and staffing requirements will depend upon the extent of activity the Institute's board pursues in fulfilling the requirements and goals of the bill.

REVENUE EXPLANATION

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

Senate Dual Referral Rules House

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| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" 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