

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 173** SLS 17RS 203
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 27, 2017	5:30 PM	Author: MORRELL
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Terminates Certain Tax Credits		

TAX/TAXATION

OR SEE FISC NOTE GF RV

Page 1 of 1

Provides for termination of income and corporation franchise tax credits. (gov sig)

The bill terminates nine minimally utilized tax credits against income and corporate franchise tax as of January 1, 2018, and repeals one minimally utilized credit upon governor's signature. Terminated are a credit for refunds issued by utilities, debt issuance costs, donations to training providers, donations to schools, employing the previously unemployed, green jobs industries, basic skills training, purchases from prison industry contractors, and an urban revitalization credit. Repealed is a low income housing credit that terminated in 1993.

Effective upon governor's signature.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Dept. of Revenue will incur costs associated with designing, modifying, and testing the tax processing system to remove these credits. These costs are typically estimated in the tens of thousands of dollars of staff time (\$51,000 in this case). An assessment of the cumulative need resulting from all legislation is made at the end of session which informs the budget request of the Dept.

REVENUE EXPLANATION

According to the Dept. of Revenue (LDR), as a group, the credits affected by this bill have exhibited claims totaling less than \$20,000 in FY16, less than \$80,000 in FY15, and less than \$259,000 in FY14. Seven of the ten affected credits have had no claims in the last three years. The minimal and sporadic nature of claims for these credits prevents a meaningful estimate of likely annual net revenue gain to the state fisc, but the bill can only work to enhance net revenues, even if that net revenue gain is likely to be minimal in any particular year.

Certain of these credits have carry-forward provisions that remain effective even after the credit terminates. LDR does not have data to indicate the amount, if any, of such carry-forwards. Given the minimal utilization of these credits, it seems unlikely that anything other than minimal carry-forwards, if any, would remain to be claimed against the state fisc.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer