

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 8** SLS 09RS 35
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 13, 2009 1:40 PM	Author: GAUTREAUX, N.
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Add To Allowed Uses of Non-recurring Funds - Tax Rebates	

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 Constitutional amendment to allow nonrecurring revenues to be used to give a tax refund or rebate to anyone required to file a Louisiana individual income tax return. (2/3-CA13s1(A))

Current law {Art. VII, §10(D)(2)} allows officially designated non-recurring money to be used only for (1) debt retirement or defeasance, (2) additional retirement system unfunded accrued liability payments, (3) capital outlay projects, (4) Budget Stabilization Fund deposits, (5) deposits to the Coastal Protection and Restoration Fund, and (6) new highway construction eligible for federal matching funds.

Proposed law adds the additional use of appropriations for tax refunds or tax rebates to anyone required to file a Louisiana individual income tax return.

To be submitted to the electors at the statewide election on November 14, 2009.

EXPENDITURES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
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

Allowing non-recurring funds to be allocated to the additional use provided by the bill (tax refunds or tax rebates) does not necessarily change the aggregate level of state expenditures. Obviously, however, to the extent non-recurring funds are allocated to this new purpose, less of those monies are available to be allocated to debt retirement/defeasance, the retirement systems' UAL, or to various capital outlay and road projects. The allocation to the Budget Stabilization Fund is not affected because it gets a fixed share of non-recurring monies (up to 25% of the designated amount). It is also possible to supplement the operating budget of the state, if desired and to a limited extent, with non-recurring monies utilized to defease state debt. To the extent allocations are made to the additional use provided by this bill, the ability to supplement the annual operating budget through this mechanism is also reduced.

Should all or a portion of any future year's non-recurring revenue be allocated for this new purpose and refund/rebate checks be provided to taxpayers, the Department of Revenue reports that postage costs would be approximately \$650,000. There would likely be additional costs for materials (for example \$60,000 for checks themselves) and personnel time expended to process over 1.7 million payments (personnel time/effort would depend on the requirements of the enabling legislation: for example, a fixed amount of refund/rebate for all is easier than a calculated different payment per taxpayer). While a refund mechanism might be less expensive to carry out, it would still involve check mailings and administrative costs. Electronic funds transfers can be cheaper still, but even a small percent of deposit errors can be costly to correct.

REVENUE EXPLANATION

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

Senate
 13.5.1 >= \$500,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$500,000 Annual Fiscal Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
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Legislative Fiscal Officer