

LEGISLATIVE FISCAL OFFICE

Fiscal Note



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

Date: May 14, 2009 6:42 PM	Author: GAUTREAUX, N.
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Add To Allowed Uses of Non-recurring Funds - Tax Rebates	

FISCAL CONTROLS EG SEE FISC NOTE SD EX See Note Page 1 of 1
 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, as provided by a law enacted in any regular session of the legislature.

To be submitted to the electors at the statewide election on November 2, 2010.

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.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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	<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 of those non-recurring funds. 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.

Costs to actually make the refunds/rebates contemplated by this bill would depend on the specific mechanism or process utilized; presumably spelled out in the enabling legislation. Should separate refund/rebate checks be provided to taxpayers, the Department of Revenue reports that costs could exceed \$700,000 (\$650,000 postage, \$60,000 check printing, plus \$68,000 of one-time set-up costs in the tax processing system). There could also be additional costs for personnel time expended to process over 1.7 million payments depending on the requirements of the enabling legislation: for example, a fixed amount of refund/rebate for all taxfilers is easier than a calculated different payment per taxpayer. A refund mechanism carried out during tax filing season might be less expensive to carry out, but it would still involve check mailings to many taxpayers, and administrative costs. Electronic funds transfers can be cheaper still, but even a small percent of deposit errors can be costly to correct.

Specifics of the enabling legislation need to be developed in consultation with the Department of Revenue to insure the most efficient process making any refunds/rebates.

REVENUE EXPLANATION

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

Senate Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk

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Legislative Fiscal Officer