

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 689** HLS 09RS 930

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **W/ SEN FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 18, 2009 12:46 PM	Author: PETERSON
Dept./Agy.: Revenue/Higher Education	Analyst: Mary Kathryn Drago
Subject: Retain Excess Itemized Deduction At 2008 Level	

FUNDS/FUNDING EGF +\$118,000,000 SD RV See Note
Creates the Higher Education Restoration Fund

Current law (Act 399 of the 2007 Regular Session) schedules an increase in the excess itemized deduction from 65% for tax year 2008 to 100% for tax year 2009 and beyond.

Proposed law, by amending Act 399 of the 2007 Regular Session, retains the deduction at the 65% level in effect for tax year 2008, for an additional three years: tax years 2009, 2010, and 2011. The 100% deduction would be available starting with tax year 2012. Also creates the Higher Education Restoration Fund. Monies in the fund shall be appropriated by the legislature solely for the purpose of providing funding for higher education.

Effective upon governor's signature.

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	\$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>	<u>\$0</u>
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	\$118,000,000	\$127,000,000	\$136,000,000	\$0	\$0	\$381,000,000
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>	<u>\$0</u>
Annual Total	\$118,000,000	\$127,000,000	\$136,000,000	\$0	\$0	\$381,000,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The current official revenue estimate for FY10 and beyond already expects the scheduled increase in the excess itemized deduction, from 65% (affecting FY09) to 100% (affecting FY10 and beyond). Consequently, the revenue forecast has been reduced by \$118 million for FY10, from a baseline 65% excess itemized deduction, with 7.5% growth each fiscal year thereafter. Thus, by holding the deduction at the 2008 (65%) level for tax years 2009, 2010, and 2011, the amounts displayed in the table above are the amounts this bill would allow the forecast to retain.

These funds are to be deposited to the Higher Education Restoration Fund, newly created by this bill.

Senate

Dual Referral Rules

House

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

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

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