

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 221** SLS 09RS 399

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 19, 2009	1:39 PM	Author: BROOME
Dept./Agy.: La. Housing Finance Agency		Analyst: Evelyn McWilliams
Subject: State Housing Tax Credit Program		

TAX/TAXATION

EG1 -\$250,000 GF RV See Note

Page 1 of 1

Establishes the State Housing Tax Credit Program to authorize the LHFA to determine which projects receiving reservations or allocations of federal low income housing tax credits shall receive refundable state income tax credits and to charge and This bill creates the State Housing Tax Credit Program and allows the Louisiana Housing Finance Agency (LHFA) to award refundable state income tax credits. Projects receiving reservations and/or allocations of federal low income housing tax credits, including Gulf Opportunity Zone Act of 2005 and calendar year 2007-2008 per capital credit ceiling projects are eligible for the state tax credit. The LHFA is to establish procedures for allocation of the state housing tax credits for single family or commercial projects. The LHFA is to prepare an annual plan containing guidelines for allocation of state tax credits.

The bill does not specify the amount of state tax credit that can be granted to a recipient, but does limit the total amount of tax credits that can be granted in any calendar year to \$250,000.

Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$1,250,000)
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$1,250,000)

EXPENDITURE EXPLANATION

The Louisiana Housing Finance Agency (LHFA) has indicated that in FY10 it may need \$274,074 and 3 additional positions to administer the tax credit program created by this legislation. The agency states that two positions are needed to assist with the intake and processing of additional applications, data entry and other services associated with implementing the state tax credit program, and one position is needed to inspect properties as they are being constructed and to monitor the buildings and their units to ensure adherence to all federal and state statutory and regulatory guidelines. The LHFA reduced its original expenditure requirements for this bill by proposing to combine regulation of the state tax credit program with the existing unit responsible for regulation of the federal tax credit program. Ultimately, the number of additional personnel needed to implement the proposed legislation will depend on the number of individuals applying for the tax credit. The LHFA is not able to anticipate the number of individuals who may apply for the new state tax credit allowed by this bill. The expenditures ultimately incurred to implement this new credit will presumably be financed by the self-generated fee authority provided by the bill.

REVENUE EXPLANATION

The bill does not contain a tax credit amount that can be granted to any recipient but does limit the total amount of tax credits that can be granted in any calendar year to \$250,000. Thus, this maximum tax credit granting authority represents the states revenue loss exposure from the bill. Presumably, this level of credit awards can be granted during the remaining half of calendar year 2009 such that the state's full revenue loss exposure can be realized against FY10 revenue. However, this may not occur during the start-up period of the program. It seems likely though that in subsequent periods the full amount of allowed credits can be granted and realized against state tax liabilities. Since the tax credits are refundable, it would be expected that all credits awarded in a calendar year would be realized against state tax liabilities.

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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