

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 717** SLS 12RS 1596

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 13, 2012	11:05 AM	Author: ADLEY
Dept./Agy.:		Analyst: Greg Albrecht
Subject: Rebate Loss Notes		

FISCAL CONTROLS

OR SEE FISC NOTE GF EX

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Requires rebate loss notes on certain legislative instruments with a net decrease in revenues due to rebates by the state. (gov sig)

The bill requires certain instruments to be accompanied by "rebate loss notes" in the legislative process. If an instrument grants a state level rebate of at least \$5 million in any of the ensuing five years from effectiveness a rebate loss report is to be submitted by proponents of the bill by January 15 prior to the session. The report is to examine various economic effects of the instrument. This report is to be reviewed by the Legislative Fiscal Office (LFO) and the Department of Revenue (LDR), and a rebate loss note is to be generated by the LFO that summarizes the results of the review with respect to various aspects of the report. No loss note is required if an instrument fails to have submitted a loss report, nor shall preparation of a loss note take precedence over the preparation of any required fiscal notes.

The Department of Economic Development (LED) shall develop rules governing the rebate process, which are to be reviewed and approved by the Ways & Means and the Revenue & Fiscal Affairs Committees. No rebate is to be granted by LED or by LDR until it is approved by the legislature in session or the Joint Budget Committee during the interim.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The bill requires the production of an additional piece of analysis to accompany bills in the legislative process. This will require resources to be devoted to this effort. In the Legislative Fiscal Office, virtually all bills requiring a rebate loss note will be handled by only two analysts. Help will be provided by the Department of Revenue, but only a small number of analysts will handle these types of bills in that agency, as well. Thus, the effect of this bill could be to crowd out or slow down the production of other analysis concerning instruments and the budget in general.

However, the bill contains a number of provisions that would work toward minimizing these workload effects. Only rebates are targeted by the bill. Additional analysis of tax credits, deductions, exemptions etc. are not involved. Only state level rebates are targeted (rebates of local dollars are not involved). Only bills involving rebates of at least \$5 million in a year require loss notes. The initial loss report has to be submitted by the proponents of the bill well in advance of the session. What is produced as the loss note is a summary of the results of a review of the proponent's loss report submittal. The bill does not require loss notes on eligible bills if a loss report is not filed timely or at all. Finally, the bill prioritizes the preparation of fiscal notes over loss notes in the legislative process. Thus, the additional workload requirements are likely to be relatively small.

REVENUE EXPLANATION

The bill contains a provision that prohibits the final granting of any rebate by the Departments of Economic Development and Revenue until approved by the legislature in session or the Joint Budget Committee during the interim. While this may not work to change the aggregate amount of rebates granted, it will likely alter the timing of rebates, and will provide more frequent information about the issuing of rebates to the legislature through out the fiscal year.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}

H. Gordon Monk

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

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

H. Gordon Monk
Legislative Fiscal Officer