



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 18** SLS 17RS 47
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: April 11, 2017	5:11 PM	Author: PEACOCK
Dept./Agy.: REVENUE		
Subject: Income Tax Credit: Vehicle Conversion to Alternative Fuel		Analyst: Benjamin Vincent

TAX CREDIT/INCOME OR +\$1,800,000 GF RV See Note Page 1 of 1

Provides that only purchases made prior to June 30, 2018 qualify for the tax credit for conversion of vehicles to alternative fuel usage.

Current law provides a credit of 36% against personal or corporate income tax for the purchase of certain qualified clean-burning motor vehicle fuel property until July 1, 2018, at which time the credit increases to 50%. It also provides for a credit of 7.2% or \$1,500 (whichever is less) against the purchase price of a new vehicle that is already equipped with the qualified clean-burning motor fuel property until July 1, 2018, at which time the credit will increase to 10% or \$3,000.

Proposed law provides that only purchases made prior to January 1, 2018 shall be eligible for the credit, and retains the current size of the credit.

Effective upon governor’s signature.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$1,800,000	\$3,500,000	\$3,600,000	\$3,900,000	\$4,000,000	\$16,800,000
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	\$1,800,000	\$3,500,000	\$3,600,000	\$3,900,000	\$4,000,000	\$16,800,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

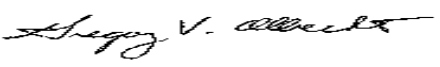
Proposed law will begin to impact revenues in FY18 by terminating the credit of 36% at the end of calendar year 2017 (halfway through the fiscal year). Tax returns claiming credit can be filed as earlay as the spring of 2018 (the second half of FY18).

LA Dept. of Revenue (LDR) indicates that the average amount of purchases eligible for the credit in FY15 & FY16 was \$8.8M. This figure, combined with a very modest rate of annual growth, offers the best available projection of eligible purchase activity. LDR notes that approximately 80% of claims are typically filed before the same FY ends, 12% are filed the following year, and 8% are filed the third FY.

The estimated revenue impacts above reflect the following:

- A reduction in credit size from 36% to 0% for half of FY18, and retention of the 36% credit for the other half
- A reduction in credit size from 50% to 0% for all of FY19 and all years following
- The timing pattern of 80%/12%/8% noted by LDR for claims filed

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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