

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 460** HLS 19RS 609  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 18, 2019	8:56 AM	<b>Author:</b> TALBOT
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Tax Credit For Cameras in Commercial Vehicles		

TAX CREDITS EG DECREASE GF RV See Note Page 1 of 1

Establishes an income and corporate franchise tax credit for purchase and installation of surveillance cameras in certain commercial vehicles

Proposed law provides a tax credit against income and corporation franchise tax for the purchase and installation of surveillance camera equipment in commercial vehicles required to be operated by a driver with a commercial driver's license, and the vehicle is registered and primarily used in Louisiana. The amount of the credit is the lesser of the cost of the equipment and its installation or \$500. The credit is earned in the year installation is complete and can be applied to tax liabilities for the year installation is complete. The credit is nonrefundable, but can be carried forward for five years.

Effective for all tax periods beginning on and after January 1, 2020.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</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>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$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>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Dept. of Revenue indicates that tax system modifications to incorporate this new credit will incur some \$51,000 of one-time staff-time (information technology and rules & regulation development and promulgation).

**REVENUE EXPLANATION**

As defined in the bill, there are nearly 1.2 million commercial truck licenses issued in the state. According to OMV, many of these vehicles may not be operating in a commercial capacity. Also as defined in the bill, there are nearly 173,000 commercial driver's licenses issued in the state (ride-sharing drivers are not required to have such licenses). Not all of these licensees may be operating commercial vehicles. Thus, the potential universe of affected vehicles and drivers is large, the practical universe is likely smaller.

Research done by the Dept. of Revenue found that vehicle surveillance camera equipment can typically range in cost from \$100 - \$400, resulting in the credit essentially purchasing these systems for these vehicles. Assuming a midpoint of \$250 per system (equipment and installation), the universe of commercial driver's licenses implies a maximum credit exposure to the state fisc over \$43 million. It is likely that only a fraction of potential driver's would install these systems in any year. For every thousand systems installed, credit exposure to the state approximates \$250,000. Such a wide range of potential exposure makes an estimate of the bill's likely fiscal effect speculative, but the bill can only work to reduce net state tax receipts.

The credit is small relative to tax liabilities, implying that much of each year's credit earned will be realized against immediate tax liabilities. The credit is first available to be claimed on tax returns for the 2020 tax year, filed in the winter/spring of 2021, affecting net receipts in FY21 and beyond.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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