

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



Fiscal Note On: **SB 228** SLS 19RS 421

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 28, 2019	6:10 PM	<b>Author:</b> CLAITOR
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Tax Credits For Water Saving Equipment		

TAX/TAXATION OR -\$2,000,000 GF RV See Note Page 1 of 1  
Provides individual income tax credits for the purchase and installation of residential water saving equipment. (gov sig)

Proposed law provides nonrefundable personal income tax credits with a one year carry-forward for certain new water saving equipment that is purchased and installed in individuals' residences on or after January 1, 2020. Eligible equipment and associated credits are: \$50 per high efficiency toilet up to 3 per residence, \$100 per high efficiency washing machine up to 1 per residence, \$100 per weather-based irrigation controller up to 1 per residence, and \$25 - \$200 per storm water runoff system depending on capacity limited to 1 per residence. Credit amounts are doubled for equipment installed in areas of groundwater concern as determined by R.S. 38:3097.6. The aggregate amount of credits that can be claimed for any tax year is \$2 million, granted on a first come, first served basis, with excess claims rolled over to first come in the subsequent year. The program is administered by the Dept. of Revenue.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

According to the Dept. of Revenue, implementation of this credit will result in approximately \$25,680 of programming and system development costs related to the revision of affected tax returns. Due to the credit CAP limitations and carry forward provision for the credit, LDR will likely need to hire additional personnel, based on an assumption of 20,000 taxpayers claiming the credit a year (1% of housing units in the state), and the need to monitor claims and carry-forwards of credit versus the annual cap, and roll over excess claims to the following year. Depending on the level of utilization and desired enforcement, each additional staff person needed would increase Dept. costs by roughly \$94,000 per year in salary and benefits.

**REVENUE EXPLANATION**

The number of eligible equipment purchases/installations in any year is speculative. However, the bill limits the state's exposure to \$2 million per year, beginning with tax year 2020, affecting net tax collections with tax return filings in FY21. Credit claims and state revenue losses would likely start relatively small and ramp-up toward the annual credit cap over following periods as residents learned of the availability of the credits. The credits are permanent and eventually a norm of claims would likely be achieved, especially with regard to eligible toilets and washing machines, as homes are built and remodeled continuously in the aggregate.

There are over 2 million housing units in the state. Thus, claims by only 1% per year would be over 20,000 claims per year. At \$100 per claim, the cap of \$2 million per year would be achieved.

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}

**John D. Carpenter**  
**Legislative Fiscal Officer**