



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 44** SLS 25RS 161  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> May 5, 2025	6:13 PM	<b>Author:</b> LUNEAU
<b>Dept./Agy.:</b> Dept. of Revenue		
<b>Subject:</b> Refundability of Certain Income Tax Credits		<b>Analyst:</b> Noah O'Dell

TAX/TAXATION OR INCREASE GF RV See Note Page 1 of 1  
Provides relative to the transfer and refundability of certain income tax credits. (gov sig)

Current law provides for the refundability and/or transfer of certain income tax credits: local inventory taxes paid, taxes paid with respect to vessels in outer continental shelf land act waters, property taxes paid by certain telephone companies, expenditures made related to digital interactive media and software, recycling of oyster shells, research and development awards, and purchases from prison industry enhancement contractors.

Proposed law makes these particular credits nonrefundable and nontransferable. Taxpayers may only apply the credits against Louisiana income tax liability. Unused credits may be carried forward for up to five or ten years, depending on the credit.

Effective upon signature of the governor an applicable to tax periods beginning on or after 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

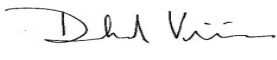
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						

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

**REVENUE EXPLANATION**  
Proposed law will result in an indeterminable increase in SGF revenues as taxpayers claiming certain credits that are refundable in existing law will only be able to claim up to their tax liability. The bill changes the nature of certain tax credits from refundable or transferable to nonrefundable with a carryforward period specified for each credit. Each of the affected credits has its own pattern of total claims and amounts offsetting tax liabilities, ultimately determining the balance refunded in excess of tax liabilities. But in each case, presumably certain amounts of the total credit available are refunded or transferred each year, indicating that sufficient tax liabilities are not available for the taxpayer to exhaust the credits each year. Thus, greater net receipts are likely to be retained by the state during the years of this bill’s effectiveness. In each year of the bill’s effectiveness, taxpayers will only be able to use the credit against tax liabilities owed in the taxable year and the subsequent years of the credit’s specified carryforward period. While the carryforward of unused liabilities is available, it is likely that in the aggregate these unused credit amounts will not be fully realized during the carryforward period. Thus, the excess credit amount that was previously refundable will no longer be refunded is assumed to be the potential revenue gain from the bill.

Without historical data on the refund or transfer of credits, LFO is unable to provide a potential magnitude of the revenue increase associated with the bill. The Department of Revenue (LDR) reports it will need additional time to gather the data necessary to calculate the anticipated impact of the bill. To the extent LDR provides additional information, LFO will update the fiscal note accordingly.

Note: The bill amends, reenacts, and makes the PIE contractors tax credit nonrefundable, which was repealed as of 1/1/25 in Act 5 of 2024 ES3. To the extent this credit is restored, there is no anticipated direct material effect on governmental revenues as a result. The credit has not been claimed in over 10 years.

<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}	<b>Deborah Vivien</b> <b>Chief Economist</b>