



LEGISLATIVE FISCAL OFFICE

Fiscal Note

ACT 117

Fiscal Note On: HB 508 HLS 15RS 520

Bill Text Version: ENROLLED

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Metadata table with fields: Date (June 30, 2015), Author (FOIL), Dept./Agy. (Revenue), Analyst (Shawn Hotstream), Subject (Income Tax Deduction)

TAX/INCOME TAX EN DECREASE GF RV See Note Page 1 of 1
Authorizes an income tax deduction for taxpayers who employ certain qualified disabled individuals

Proposed law allows a state income tax deduction to a taxpayer that provides continuous employment for certain disabled individuals within Louisiana.

Proposed law defines a qualifying disability as certain individuals with intellectual or developmental disabilities or individuals with service connected disabilities, and establishes a level of deduction. The deduction is 50% of gross wages paid to a qualified disabled individual in the first four continuous months of employment, decreasing to 30% for each subsequent continuous month of employment.

Proposed law provides that the tax deduction program is capped at 100 qualifying individuals per year (monitored by the Department of Health and Hospitals). In addition, the mix of the 100 qualifying individuals shall include an individual who has been determined to be eligible and receiving services through the office for citizens with developmental disabilities or an individual with a service connected disability. Proposed law provides to the extent practicable, the credits shall be apportioned equitably to employers who are geographically representative of all portions of the state. Proposed law requires DHH and the Department of Revenue to approve applications and promulgate rules in consultation with the Dept. of Veterans Affairs to implement the program.

Table with 7 columns: EXPENDITURES, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

Information provided by the Department of Revenue indicates additional one time expenditures of approximately \$41,000 in FY 16 for computer system development and modification, tax form redesign, and testing, and assumes implementation costs will be absorbed with existing staff and resources.

REVENUE EXPLANATION

Proposed law provides an income tax deduction to individuals that employ certain disabled individuals. Although there is a large population of potential eligible individuals whose wages could be subsidized by the proposed tax deduction, the bill limits the program to 100 individuals annually, and includes certain individuals which are determined to be disabled (receiving services through the office of citizens with developmental disabilities) and individuals determined to have a service connected disability.

Based on the number of disabled individuals currently working or seeking work through vocational programs alone, the fiscal note assumes that the program cap of 100 individuals would be reached and generate deductions in the first year. As an illustrative example, the amount of gross wages deducted would be nearly \$750,000 per year based on minimum wage paid on at least 20 hours per week per individual.

- Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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