	LEGISLATIVE FISCAL OFFICE Fiscal Note					
	Fiscal Note On: SB 12	SLS 161ES 11				
Legillative	Bill Text Version: ORIGINAL					
FiscaleOffice	Opp. Chamb. Action:					
	Proposed Amd.: w/ PROP SEI	roposed Amd.: w/ PROP SEN COMM AMD				
THE TRANSPORT	Sub. Bill For.:					
Date: February 25, 2016 12	42 PM Author: ALLAIN					
Dept./Agy.: Revenue						
Subject: Inventory Credit	ventory Credit Analyst: Greg Albrecht					
TAX/TAXATION Changes certain refundable tax credits	OR +\$38,000,000 GF RV See Note to nonrefundable tax credits. (See Act)	Page 1 of 1				

Eliminates state tax credits for local inventory taxes paid on or after January 1, 2016.

Currently, 75% of the amount of inventory credit in excess of tax liability is refunded to taxpayers.

Contingent upon adoption of a constitutional amendment contained in an unspecified bill in this session.

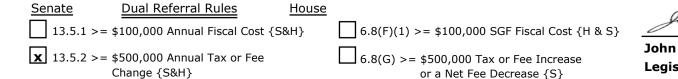
EXPENDITURES	2016-17	<u>2017-18</u>	<u>2018-19</u>	2019-20	2020-21	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2016-17	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$38,000,000	\$348,000,000	\$417,000,000	\$432,000,000	\$450,000,000	\$1,685,000,000
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	\$38,000,000	\$348,000,000	\$417,000,000	\$432,000,000	\$450,000,000	\$1,685,000,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

In effect, the bill appears to be immediately capturing for the state fisc the entire inventory credit that was established by Act 133 of 2015 (both the 25% portion offsetting tax and the 75% portion in excess of tax liability). Based on the expected costs to the state of the inventory tax credit portion of Act 133, and the pattern of tax return filings, this bill will reduce those costs and capture the cost reduction for the state over a three period of approximately 11% of that cost in FY17, 95% in FY18, and 100% in FY19 and beyond. Those amounts are reflected as net state revenue gains in the table above.



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John D. Carpenter Legislative Fiscal Officer