

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 697** HLS 16RS 1079

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 22, 2016 9:37 AM	Author: JONES
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Allows an active military waiver for income tax penalties	

REVENUE SECRETARY OR DECREASE SG RV See Note Page 1 of 1
 Authorizes the secretary of the Dept. of Revenue to waive penalties under certain conditions

Current law authorizes the Department of Revenue to assess certain penalties related to income tax filings, including delinquent, late pay, negligence, Underestimated Tax, Warrant and NSF payment penalties. The Secretary of the Department of Revenue has the discretion to waive certain penalties. Penalty collections remain with the Department of Revenue as self-generated revenue to fund the operations of the department.

Proposed law provides the Secretary of Revenue the discretion to waive these individual income tax penalties imposed on an active duty member of the armed forces of the U.S. residing outside Louisiana.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

To the extent that U.S. active armed forces personnel residing outside of Louisiana incur penalties related to personal income tax and the Secretary of Revenue uses the discretion authorized in this bill to waive those penalties, self-generated revenue for the Department of Revenue will decrease. Given the relatively narrow eligibility for waiver provided by the bill, the potential loss of penalty revenue is likely to be small, although, if the authority provided by the bill is exercised at all the bill can only result in a reduction of penalty revenue receipts.

The Department reports that, during FY 15, about \$20M in personal income tax penalties were assessed with about \$7M or 35% of those penalties waived. The Department indicates that the affected penalties are the delinquent penalty, late pay penalty, negligence penalty, underestimated tax penalty, warrant penalty, and the insufficient funds penalty.

- | | | |
|---|--|--------------|
| <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 type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

Gregory V. Albrecht
Chief Economist