Fiscal Note On: **SB** **150** SLS 17RS 320

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2017 5:25 PM		**Author:** CHABERT
Dept./Agy.: LA Dept. of Economic Development		
Subject: Ports of Louisiana Tax Credit Cap Increase		**Analyst:** Zachary Rau

TAX/TAXATION   OR DECREASE GF RV See Note   Page 1 of 1

Provides for the Ports of Louisiana tax credits. (gov sig)

Present law includes the State Bond Commission as part of the Ports of Louisiana Tax Credits approval process. Proposed law removes the State Bond Commission from the Ports of Louisiana Tax Credits approval process. Present law provides for a $4.5 M annual cap of the Ports of Louisiana Tax Credits program. Proposed law increases the program cap to $6.25 M. Present law provides a $3.60/ton credit rate and a $1.8 M per taxpayer cap for the investor credit through June 30, 2018, and increases the per-ton rate to $5 and per-taxpayer cap to $2.5 M on July 1, 2018. Proposed law removes the rate and cap increases in present law, making the current cap and rates effective for the remainder of the program. Present law provides for the program to sunset on July 1, 2020. Proposed law extends the sunset by one year, to July 1, 2021. Present law requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to determine if the program results in a net positive economic benefit to the state. Proposed law repeals the review requirement.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	$0	$0	$0	$0	$0	$0
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	$0	$0	$0	$0	$0	$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The LA Dept. of Economic Development (LED) does not report any increased expenditures associated with the revision of the Ports of Louisiana tax credits, as the department's administration of the credits would continue in its current form and would not require additional resources or personnel.

REVENUE EXPLANATION

The proposed legislation increases the exposure of the SGF by $1.75 M per year, based on the bill's annual program cap increase, and to the extent there is activity in the Ports of Louisiana tax credit program. However, it cannot be determined if the increased exposure will be realized, as five-year actuals (FYs 12-16) outlined in the Tax Exemption Budget prepared by the LA Dept. of Revenue show no claims of the credit. Furthermore, LED staff report no certification of firms for the credit, though one application is pending certification.

The proposed legislation increases the annual program cap for the Ports of Louisiana investor tax credit by $1.75 M, from $4.5 M to $6.25 M. The cap increase represents a restoration to the cap amount prior to Act 125 of 2015. LED staff have not reported certifications of the credit, and there have been no claims of the credit. The bill's higher cap increases the state's exposure until the end of FY 21 because of the July 1, 2021, sunset provision. While program activity is speculative, the bill can only result in a greater net revenue loss than is possible under current law.

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

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