

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 25** SLS 17RS 121

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|----------|-------------------------------|
| Date: June 7, 2017 | 12:47 PM | Author: MORRELL |
| Dept./Agy.: Revenue | | Analyst: Greg Albrecht |
| Subject: Eliminate \$25 per child educational expense tax credit | | |

TAX/INCOME/PERSONAL EN +\$9,200,000 GF RV See Note
Sunsets the individual income tax education credit. (gov sig)

Present law provides a nonrefundable individual income tax credit for the educational expenses of each dependent child attending K-12 school in Louisiana, unless the deduction for the payment of tuition fees for nonpublic elementary and secondary education is taken for the child. The credit is currently a maximum of \$18 per child for tax year 2017, then will be \$25 per child for tax year 2018 and beyond.

Proposed law eliminates the credit for tax year 2017 and beyond.

Effective upon governor's signature.

| 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 | <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 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 5 -YEAR TOTAL |
|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| State Gen. Fd. | \$9,200,000 | \$12,800,000 | \$12,800,000 | \$12,800,000 | \$12,800,000 | \$60,400,000 |
| 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> | \$0 |
| Annual Total | \$9,200,000 | \$12,800,000 | \$12,800,000 | \$12,800,000 | \$12,800,000 | \$60,400,000 |

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Tax year 2015 individual income tax data indicates that tax liabilities were approximately \$9.2 million lower as a result of the credit taken at the \$18/child maximum. Elimination of the credit for tax year 2017 would likely generate a roughly comparable amount of additional net tax collections for FY18, at the current law \$18/child maximum. For FY19 and beyond, the net collection revenue gain would be based on the current law provision of \$25/child maximum, resulting in approximately \$12.8 million of additional net tax collections.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
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Legislative Fiscal Officer