

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 15** SLS 182ES 23

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 28, 2018	1:47 PM	<b>Author:</b> DONAHUE
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Limits Annual Costs of Various Tax Credits and Rebates		

BUDGET PROCEDURE OR +\$112,000,000 GF RV See Note Page 1 of 1  
Limits tax credit and rebate expenditures for certain tax incentive programs. (Item #21) (7/1/18)

The bill amends a number of tax credits and rebates by establishing annual maximum aggregate claim amounts for each affected program. Effective for all claims for rebates and credits filed with the Department of Revenue on or after July 1, 2018, regardless of the taxable year to which the claim relates.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$112,000,000	\$112,000,000	\$112,000,000	\$112,000,000	\$112,000,000	<b>\$560,000,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$112,000,000</b>	<b>\$112,000,000</b>	<b>\$112,000,000</b>	<b>\$112,000,000</b>	<b>\$112,000,000</b>	<b>\$560,000,000</b>

**EXPENDITURE EXPLANATION**

The Department of Revenue has administered limitations on aggregate credit claims for the film credit program and the solar installation program. However, this bill will require such administration on 16 additional credits and rebates. Additional administrative costs will be likely. However, as of this writing the Dept. has not been able to provide an estimate of the possible administrative costs associated with implementing these limitations.

**REVENUE EXPLANATION**

The bill establishes specific annual maximum aggregate claim amounts for each of a number of tax credits and rebates. These programs can be volatile, exhibiting cost surges and sharp fall-offs from year to year, and in some cases little or no activity has been recently reported. In light of that, a judgment was made regarding the likely program cost in FY19 from the Incentive Expenditure Forecast recognized by the REC (a non-binding informational report recognized by the REC at each of its meetings). Those likely program costs were compared to the program maximums provide in this bill, and program maximums that were less than likely program costs were summed. This exercise resulted in a potential total cost savings of \$112 million.

While the variability of these programs generates some uncertainty as to the specific costs savings that might be expected in any particular year, the bulk of the bill's estimated effect (95%) is generated by five of the programs (Film, Historic Rehab, Procurement Processing, EZ, and QJP) that seem likely to generate costs savings as a result of the bill. Thus, the total estimate of costs savings is included in the table above as 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}

*Evan Brasseaux*  


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**Evan Brasseaux**  
**Staff Director**