

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



Fiscal Note On: **HB 200** HLS 21RS 271

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 24, 2021	12:02 PM	<b>Author:</b> BACALA
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Exempts Military Survivor Benefits From Income Tax		

TAX/INCOME TAX OR -\$1,500,000 GF RV See Note Page 1 of 1  
Exempts military survivor benefit plan payments from state individual income tax

Proposed law exempts from income tax any military survivor plan payments made to the surviving spouse or beneficiary.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</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>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	<b>(\$7,500,000)</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>(\$1,500,000)</b>	<b>(\$1,500,000)</b>	<b>(\$1,500,000)</b>	<b>(\$1,500,000)</b>	<b>(\$1,500,000)</b>	<b>(\$7,500,000)</b>

**EXPENDITURE EXPLANATION**

The Dept. of Revenue indicates that the costs to modify and test tax systems to incorporate the additional adjustment to income provided by the bill would be approximately \$26,000 of staff time.

**REVENUE EXPLANATION**

According to the Dept. of Defense Office of the Actuary, there were 4,531 military survivors in Louisiana in 2020 receiving \$4.336 million per month of military survivor benefits. These figures imply \$52 million per year of income to be exempted from state income tax. Assuming these benefits are distributed across incomes, applying the 2019 effective aggregate tax rate on personal gross income of 2.9% results in an estimated loss of state tax revenue of some \$1.5 million per year.

Given effectiveness upon signature of the governor, the exemption would presumably be applicable to the 2021 tax year, with most returns filed in the first half of 2022 (FY22).

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}

**Christopher A. Keaton**  
**Legislative Fiscal Officer**