

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 27** SLS 23RS 168
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 15, 2023 4:39 PM	Author: CATHEY
Dept./Agy.: REVENUE / DEQ	Analyst: Benjamin Vincent
Subject: Brownfields Investor Tax Credit	

TAX EXEMPTIONS OR DECREASE GF RV See Note Page 1 of 1
Provides for the Brownfields Investor Tax Credit. (8/1/23)

Current law provides for a tax credit against personal or corporate income tax for investments in certain environmental remediation projects, and requires the Secretary of the Department of Environmental Quality (DEQ) to certify sites for the purposes of this program. Current law specifies that the Brownfields credit cannot be stacked with any other incentive.

Proposed law increases the value of the Brownfields Investor Tax Credit from 15% of investments made in voluntary remedial investigation at state-certified sites to 25%, and reduces the value of the credit for investments made in voluntary remediation actions at state-certified sites from 50% to 25%.

Proposed law allows Brownfields credits to be stacked with historic preservation tax credits, and specifies that no credits shall be granted or allowed after December 31, 2033. Applicable to tax years beginning on or after January 1, 2024.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	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

DEQ reports that it has sufficient resources necessary to administer certifications of tax credits provided for in proposed law. Minor costs in additional staff time associated with LDR administration of these credits are anticipated.

REVENUE EXPLANATION

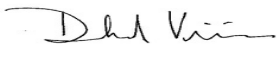
Proposed law increases the value of certain Brownfields Investor (nonrefundable) Tax Credit activities, and retains the ten-year carryforward in the event that a taxpayer has insufficient tax liability to exhaust the credit.

DEQ reports that no projects under this program have been certified since approximately 2012, and that their records indicate approximately 23 eligible projects that received an aggregate of \$5.5 million in credits, under the credit structure of a 15% credit for remedial investigation and a 50% credit for remediation action. A 2013 version of the Tax Exemption Budget reports that in FY12, approximately \$3 million of reductions to income tax collections were due to these credits. DEQ additionally reports that 17 certified remediation sites are presently listed as Active and potentially eligible for remediation-related activity.

An effort to expand and stack an incentive program that has remained unused for several years implies an intention to consider utilizing the program, however LFO has no information that can reliably project new, forthcoming program activity.

LFO notes that no cap exists for the amount of credits issued, and that a credit equal to 25% of expenditures is relatively generous compared to many incentive program credits. Additionally, the stacking of the credit with historical preservation tax credits may cause investors to be more likely to participate in that program than they otherwise would, which may additionally impact general fund collections. LFO assumes that the "historic preservation tax credits" refer to the incentive provided in R.S. 47:6019, which allows for a 20% credit. LFO notes that this credit is not allowed for costs and expenses that are paid for with state or federal funds, which may limit the ability to stack the Brownfields credit, despite the language in the bill allowing stacking of the Brownfields and historic preservation credits.

The revenue impact of proposed law is indeterminable, but may be significant.

<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 checked="" 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}	Deborah Vivien Chief Economist