LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 319** HLS 11RS 121
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 25, 2011 10:26 AM
Author: SIMON
Dept./Agy.: Revenue
Subject: Income tax credit for for design elements in new homes
Analyst: Deborah Vivien

TAX CREDITS OR DECREASE GF RV See Note

Authorizes a credit against individual income tax for the owner of a newly constructed one- or two-family dwelling which includes certain accessible and barrier-free design elements

Proposed law provides a nonrefundable individual income tax credit of the lessor of $1,000 or the amount of tax liability for the owner of a newly constructed 1 or 2 family dwelling with certain accessible and barrier-free design elements. The credit will be granted in the year in which the construction is complete. Only one credit per dwelling is allowed. The mandatory design elements include one zero-step entrance, all main floor doors with clear passage space of at least 32 inches between door jams and strikes with the door at a 90 degree angle, all hallways and passages on the main floor with at least 36 inches of clear width to the accessible bathroom and eating area, and the main floor with at least a half bath with free and clear floor space at least 5 feet in diameter.

Effective for all tax years beginning on or after January 1, 2011.

EXPENDITURES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**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	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**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	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

The Department of Revenue indicates that the proposed legislation will result in initial expenses of about $35,000 for data entry, computer system development and modification and tax for redesign, which will be absorbed in the current budget. However, should a large number of such bills be passed, the Department may be required to request an additional appropriation in order to perform the required duties.

REVENUE EXPLANATION

State general fund revenue is expected to decline by an indeterminable amount due to the proposed legislation. The credit is the lower of $1,000 or the owner's income tax liability. According to the U.S. Census Bureau's New Residential Construction Report of December, 2010, the latest available, building permits for 1 and 2 unit residential buildings in Louisiana in 2009 totaled about 11,000. However, it is not likely that the owners of all eligible new construction would elect to include the required accessibility and barrier-free components in order to take advantage of the credit. It would take at least 500 homes or about 4.5% of the amount of 2009 permits to reduce state general fund revenue by $500,000, if the owner's tax liability was greater than $1,000 per year. Actual revenue losses are likely to be less than this level for the foreseeable future.

However, if the required design elements become standard building practice, over time all homes could potentially qualify for the credit. In that case, eventually state general fund revenue could decline by several million dollars per year.

Senate Dual Referral Rules
☐ 13.5.1 >= $100,000 Annual Fiscal Cost
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change

House
☐ 6.8(F) >= $100,000 Annual SGF Cost
☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease

Gregory V. Albrecht
Chief Economist