LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 255** SLS 11RS 623
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 20, 2011 12:51 PM **Author:** WILLARD-LEWIS
Dept./Agy.: Revenue
Subject: Tax Credit For Appliance Purchases By Elderly **Analyst:** Greg Albrecht

TAX/TAXATION OR DECREASE GF RV See Note

Grants a refundable "residential energy efficiency tax credit for the qualified elderly" equal to 50% of up to $25,000 of the total aggregate cost of qualifying residential energy efficient appliances, equipment, systems, or constructions that are

Provides a refundable tax credit for purchase, construction, or installation of residential energy efficient appliances, equipment, systems, or constructions by elderly persons. The value of the tax credit is 50% of the aggregate costs up to $25,000. Qualifying purchases are any appliances, equipment, systems, or constructions costing in excess of a total of $200, that result in material heating and cooling energy savings. Qualifying persons are individuals 65 years old or older with adjusted gross income eligible for ad valorem tax special assessment (household income of $65,891 for 2011).

Effective for tax years beginning on and 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

Incorporation of an additional tax credit will require staff time and effort to modify tax processing systems. Typical costs indicated by the Department of Revenue in these cases is around $20,000, depending on the complexity of the credit being added.

REVENUE EXPLANATION

A specific estimate of the potential costs of such a tax credit can not be determined with any reasonable degree of confidence. While the bill essentially reimburses taxpayers for up to $25,000 of qualifying expenditures, it restricts eligibility to elderly taxpayers (65 years old and older) with household incomes under about $66,000 (in 2011). The extent of qualifying purchases and then credit claims by these households may make is speculative.

However, some sense of the state's revenue exposure can be gotten by realizing that only 40 claims for the maximum $25,000 would be necessary to generate $1 million of state revenue loss. If average claims were only 10% the maximum (or $2,500), it would take 400 claims to generate a $1 million state revenue reduction. There were over 171,000 resident tax returns filed for tax year 2009 from taxpayers 65 years of age or older with income below $66,000. Thus, only a very small percentage of these filers need file for this credit to generate a material amount of state tax revenue loss.

Senate | Dual Referral Rules | House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}

☐ 6.8(F)1 >= $500,000 Annual Fiscal Cost {S}
6.8(F)2 >= $100,000 Annual SGF Cost {H&S}
☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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