



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 255** SLS 11RS 623
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 14, 2011	4:43 PM	Author: WILLARD-LEWIS
Dept./Agy.: Revenue		
Subject: Tax Credit For Appliance Purchases By Elderly		Analyst: Greg Albrecht

TAX/TAXATION RE1 DECREASE GF RV See Note Page 1 of 1

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 non-refundable tax credit, with a five-year carry-forward for unused credit amounts, for purchase, construction, or installation of qualifying residential energy efficient property for the Louisiana residence of qualifying elderly persons. The value of the tax credit is 50% of up to \$25,000 of total aggregate qualifying costs, limited to \$12,500 of tax credit per taxpayer per tax year. 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). Qualifying property is enumerated in the bill (refrigerators, clothes washers, air conditioning, windows/doors etc.) and must have earned the Energy Star label.

Effective for two tax years beginning during 2012 and 2013.

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.	\$0	DECREASE	DECREASE	\$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

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 \$12,500 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 these households may make is speculative.

Households in this tax filer group, that had positive net tax liabilities in 2009, had average tax liabilities of \$146, ranging from \$11 (at about \$25,000 of income) to \$420 (at about \$65,000 of income). Thus, it is likely that the benefits of this credit would be spread over a number of years of the five-year carry-forward period for most filers claiming the credit.

For participating taxpayers at the highest taxpaying level (\$420 per year), \$2,100 of total credit reimbursement could be realized over a five-year period for the maximum credit exposure of \$12,500. It would take nearly 2,400 of such claims to generate \$1 million of annual state tax revenue loss. At the average taxpaying level (\$146 per year), \$730 of total credit reimbursement could be realized over a five-year period for the maximum credit exposure of \$12,500. Over 6,800 such claims would be necessary to generate \$1 million of annual state tax revenue loss. For claims at levels less than the maximum exposure level of \$12,500, considerably more claims would be necessary to achieve material state tax revenue losses. While there are over 171,000 resident tax returns filed for tax year 2009 from taxpayers 65 years of age or older with income below \$66,000, it seems unlikely that sufficient numbers of them would make eligible purchases and claim credits sufficient to generate material state revenue losses.

A thousand claims at the average tax liability generates only \$146,000 of state revenue loss in the first year, and a thousand new claims would have to occur in the second year for \$292,000 of state revenue loss to occur in the second year, and the next four years. These scenarios illustrate that it is unlikely that this credit would generate large state revenue losses.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	 H. Gordon Monk Legislative Fiscal Officer
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input 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}	