



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 1092** HLS 12RS 2341  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> April 13, 2012	3:27 PM	<b>Author:</b> FANNIN
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> Allows a debit card option for refunds and limited use		<b>Analyst:</b> Deborah Vivien

REVENUE DEPARTMENT OR SEE FISC NOTE GF EX Page 1 of 1

Authorizes the Dept. of Revenue to make payment of tax refunds by means of a debit card at the option of the taxpayer and prohibits the use of the debit cards in gaming establishments

Current law directs the Department of Revenue (LDR) to issue refunds of overpayments to taxpayers.

Proposed law allows LDR to refund overpayments on debit cards at the option of the taxpayer for any refund issued by the department. These debit cards may not be used in any establishment that is regulated by the LA Gaming Control Board.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$250,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$250,000
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	\$250,000					\$250,000

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	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

EXPENDITURE EXPLANATION

This bill would allow the taxpayer the option of receiving a refund using a debit card for all taxes administered by the department and for all situations of a refund issuance. This would involve modification to numerous tax forms and processing components. Though the legislation takes effect immediately, the fiscal impact assumes that current forms will not be changed but only change as new forms are promulgated (typically January 1). If existing forms must be changed immediately, these costs would increase. In addition, certain initiation expenses, including incorporating the option into the existing systems for all taxes, will involve costs that the Department suggests could amount to some \$500,000 in staff time in the first year given the various tax areas for which refunds are issued. This seems like a large amount, but some material setup costs are likely and a complete estimate of costs is difficult to establish. One-half the department suggestion is depicted in the table above to reflect the potential material level of these costs. These costs would have to be absorbed in the Department’s existing budget if not incrementally funded.

In subsequent years, to the extent that taxpayers take advantage of the debit card refund system, processing expenses related to printing and mailing checks should decrease across all taxes. However, to the extent that taxpayers opt out of the debit card option in favor of a printed check, processing costs are greater (savings are smaller). The Department has indicated that savings from the current use of debit cards for personal income tax refunds are expected to be some \$300,000 (albeit, for a single tax area but involving a much larger set of filers than the other taxes this bill would involve).

However, this bill makes the check option available for personal income tax refunds that are currently available only as a debit card or direct deposit. A return to printed checks for some taxpayers at their option would reduce these anticipated savings by increasing processing costs. In keeping with bank limitations for dispensing cash, debit cards will not be issued for refunds over \$6,999. In those cases taxpayers would receive a refund check, even under the current system.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The calculation of the refunds will not change as a result of this bill. Eliminating the ability to use debit cards at gaming establishments is not expected to materially change behavior in terms of taxpayers ultimately attaining access to refunds.

Senate	Dual Referral Rules	House	
<input checked="" 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}	
<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}	Gregory V. Albrecht Chief Economist