

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 377** HLS 12RS 1076

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 21, 2012 7:05 AM	Author: ROBIDEAUX
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Partnership Composite Returns	

TAX RETURN

RE NO IMPACT GF RV See Note

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Provides relative to credits and overpayments for partnerships filing composite returns

Current law requires partnerships to file composite income tax returns and make composite payment of tax on behalf of any nonresident partners who do not agree to file an individual income tax return themselves. Overpayments of tax for nonresident partners entitles them to a refund or credit against future tax, but these nonresidents must file an individual state tax return to receive the refund or credit.

Proposed law requires the composite return to reflect the respective share of any credits earned by the nonresident partners, and for overpayments of tax to be paid to the partnership for it to distribute to the respective nonresident partners.

Effective for tax periods beginning on or after January 1, 2013.

EXPENDITURES	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Some one-time costs will likely be involved to modify tax forms and processes to allow for the taking or listing on the composite returns the credits earned by the partnership. These costs will have to be absorbed within the existing budget resources, unless incrementally funded. Tax processing savings may occur over time, as well, as the Department is able to refund overpayments to single partnership entities rather than to each nonresident partner that is eligible for a refund. These potential cost and savings are likely relatively minor.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Currently, overpayments of tax by partnerships affected by this bill are refunded to the nonresident partners or allowed as a credit against future tax, on the basis of individual returns filed by the nonresident partners. This bill will allow overpayments to be refunded to the partnership, for it to distribute to the nonresident partners. Tax liabilities are not affected by the bill.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}

H. Gordon Monk

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

H. Gordon Monk
Legislative Fiscal Officer