

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1119** HLS 14RS 1991

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 16, 2014	1:30 PM	Author: JACKSON, K
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Submission of Tax Exemption Budget		

TAX/TAXATION

EG INCREASE GF EX See Note

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Changes the deadline for submission of reports by agencies which administer certain tax incentives and authorizes electronic submission of such reports

Current law requires any agency which administers tax credits and rebates to submit a return-on-investment (ROI) report by March 1 of each year to the legislature.

Proposed law retains current law but adds exemptions, deductions and exclusions to the activities required in the ROI report. The report is to be submitted to the House Ways & Means Committee and the Senate Revenue and Fiscal Affairs Committee with the deadline for submission changed from March 1 to February 15. The bill authorizes electronic submission but allows requests for written reports.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						
REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Department of Revenue indicates that adding exemptions, deductions and exclusions to the publications will add about 262 items to the return on investment analysis of Act 191 of 2013, or about five times more than the 50 that are currently analyzed. The existing contract (for Act 191 of 2013) allows \$50,000 for the analysis of 50 credits and rebates. It seems reasonable to expect that the contract analyzing closer to 250 items will increase the cost by \$100,000 or more annually, though the actual cost cannot be determined until the contract is constructed. Because the bill does not increase SGR for the agency, it is presumed that SGF will be required to pay the additional reporting expenses.

Moving the submission deadline for the Tax Exemption Budget and ROI report is not expected to materially impact the budget.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The bill does not change the calculation of tax liabilities.

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|--|----------------------------|-------|--|
| Senate | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} |

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