

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 449** HLS 15RS 194
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 4, 2015	7:32 PM	Author: ROBIDEAUX
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Apportionment Factor For Aircraft Manufacturers		

TAX/TAXATION EG1 SEE FISC NOTE GF RV See Note Page 1 of 1

Provides relative to calculation of the Louisiana apportionment percent and taxable capital for manufacturers of certain aircraft

Current law does not appear to explicitly account for the sale of aircraft in the corporate income and franchise tax apportionment factor calculations.

Proposed law will make the sale of aircraft manufactured or assembled in the state be the place where the aircraft is primarily stored when not in use, for purposes of the sales factor in the apportionment formula of such firms, determining their Louisiana corporate income and franchise tax base.

In addition, the SAVE credit against higher education costs is included in the bill.

Effective upon governor's signature.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	
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						

EXPENDITURE EXPLANATION

The Department of Revenue (LDR) will incur costs for computer system modification and testing, tax form redesign, and tax payer inquiries. These costs are typically small for individual tax law changes such as this (several thousands of dollars) and are typically absorbed within existing resources until cumulative changes necessitate additional resources be provided.

REVENUE EXPLANATION

The Department of Revenue indicates that current law does not address the determination of the ultimate destination of aircraft manufactured or assembled in the state with regard to apportionment calculations for corporate income and franchise taxes. This bill establishes that the place at which the aircraft is ultimately received shall be the place where the aircraft is primarily stored when not in use. The effect on aggregate net state tax receipts is unknown since cases where primary storage in Louisiana would work to increase the state tax base, while cases where primary storage outside Louisiana would work to decrease the state tax base.

The SAVE credit provisions have no fiscal effect and are discussed in the fiscal note for SB 284 of this session.

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

John D. Carpenter
Legislative Fiscal Officer