

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 7** HLS 161ES 16
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 24, 2016 9:55 AM	Author: JACKSON
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Tax Credit for Donations to Educational Institutions	

TAX/CORP INCOME-EXEMPT EG SEE FISC NOTE GF RV See Note Page 1 of 1
 Provides relative to corporate income exclusions for dividend income from certain banking institutions (Item #15)

Current law allows corporations to exclude from gross income 72% of the amounts received as dividend income from banking corporations. This exclusion was reduced from 100% by Act 123 of 2015, for returns filed after July 1, 2015 but before June 30, 2018.

Proposed law returns the exclusion to 100% for any return filed for any tax year beginning on or after January 1, 2015.

Effective upon governor's signature.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW					
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 will incur some additional minor costs to adjust the tax processing system with regard to this credit.

REVENUE EXPLANATION

According to the Department of Revenue, it does not require reporting of most of the exclusions from gross income, including the one affected by this bill. Thus, when Act 123 of 2015 was enacted the tax base and associated tax liabilities of these exclusions were not known and were not included in the estimates of fiscal impact of the Act. In the absence of this bill, the Department would presumably be compelled to discover these tax bases and attempt to collect the associated tax liabilities, at least for the tax periods affected by Act 123 of 2015. This bill will preclude that from occurring and result in lower revenue collections than might otherwise be the case.

Senate Dual Referral Rules House

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|--|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" 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

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 Legislative Fiscal Officer