

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 12** SLS 161ES 11

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP SEN COMM AMD**

Sub. Bill For.:

<b>Date:</b> February 25, 2016 12:42 PM	<b>Author:</b> ALLAIN
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Inventory Credit	

TAX/TAXATION OR +\$38,000,000 GF RV See Note Page 1 of 1  
Changes certain refundable tax credits to nonrefundable tax credits. (See Act)

Eliminates state tax credits for local inventory taxes paid on or after January 1, 2016.

Currently, 75% of the amount of inventory credit in excess of tax liability is refunded to taxpayers.

Contingent upon adoption of a constitutional amendment contained in an unspecified bill in this session.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$38,000,000	\$348,000,000	\$417,000,000	\$432,000,000	\$450,000,000	<b>\$1,685,000,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$38,000,000</b>	<b>\$348,000,000</b>	<b>\$417,000,000</b>	<b>\$432,000,000</b>	<b>\$450,000,000</b>	<b>\$1,685,000,000</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

In effect, the bill appears to be immediately capturing for the state fisc the entire inventory credit that was established by Act 133 of 2015 (both the 25% portion offsetting tax and the 75% portion in excess of tax liability). Based on the expected costs to the state of the inventory tax credit portion of Act 133, and the pattern of tax return filings, this bill will reduce those costs and capture the cost reduction for the state over a three period of approximately 11% of that cost in FY17, 95% in FY18, and 100% in FY19 and beyond. Those amounts are reflected as net state revenue gains in the table above.

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**  
**Legislative Fiscal Officer**