



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: HB 240 HLS 05RS 694
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Sub. Bill For.:
Proposed Amd.:

Date: April 29, 2005 10:46 AM
Dept./Agy.: Revenue
Subject: Income Tax Credit for Residential Lessees
Author: LAFONTA
Analyst: Julie A. Samson

TAX/INCOME TAX OR DECREASE GF RV See Note Page 1 of 1
Creates an income tax credit for residential lessees

Proposed legislation provides for an individual income tax credit for each eligible residential lessee equal to the amount of ad valorem taxes attributable to the lease unit occupied by the residential lessee.

Applicable for all tax periods beginning after December 31, 2005.

Table with 7 columns: EXPENDITURES, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

According to the Department of Revenue, proposed legislation would significantly increase the Office Audit Division's workload and would require the hiring of four additional employees.

Revenue has estimated that over 4,000 taxpayers would have to be contacted to request additional information to support the credits that would be claimed. The additional employees would have the responsibility of analyzing returns, obtaining data and making assessment for improper claims.

Those expenses associated with the four additional positions would be funded through state general funds.

REVENUE EXPLANATION

Proposed legislation could result in a significant decrease in state general fund revenue.

The 2002 Census statistics show that there were 1,880,122 housing units in Louisiana and 67.9% of those were owned by their residents. This would leave 603,519 as rental units. According to the Census Bureau 13.6% of renters in the southern United States receive rent subsidies, that would leave a total of 521,441 rental units in which residents would be eligible to claim the credit provided in proposed legislation.

The average amount of property tax paid on residential rental units in Louisiana is unknown, and the amount of credit claimed by some taxpayers may not exceed their tax liability. However, based on the information above, if each eligible person claimed a credit of only \$50 a year, the revenue loss would be approximately \$21 million.

The example above is for illustrative purposes only. Any specific estimate of revenue loss would be speculative.

Senate Dual Referral Rules House
13.5.1 >= \$500,000 Annual Fiscal Cost
13.5.2 >= \$500,000 Annual Tax or Fee Change
6.8(F) >= \$500,000 Annual Fiscal Cost
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease
Gregory V. Albrecht Chief Economist