



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 133** SLS 05RS 230
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Sub. Bill For.:
 Proposed Amd.:

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Dept./Agy.: Revenue **Analyst:** Mary Kathryn Drago
Subject: Income tax exemption of certain retirement benefits

TAX/INCOME/PERSONAL OR -\$3,000,000 GF RV See Note Page 1 of 1
 Exempts from income tax the retirement benefits of public elementary and secondary teachers from other states. (gov sig)

The proposed legislation exempts from the state income tax retirement benefits received by individuals from public retirement systems in another state, only if that person held a position in another state similar to one in Louisiana that would qualify them to receive benefits from the LA Teachers Retirement System. The provisions of the proposed legislation shall be applicable to all tax years beginning on and after January 1, 2005.

EXPENDITURES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$15,000,000)
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	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$15,000,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

State general fund revenue will decrease as a result of the proposed legislation.

According to the Louisiana Teachers Retirement System, approximately 5,000, or 8.46%, of Louisiana annuitants live outside of the state. Applying this estimate to the total annuitant population in the country, excluding Louisiana, approximately 351,000 annuitants live outside of the state in which they were employed. Assuming that these 351,000 annuitants are distributed in line with the population, and that Louisiana accounts for 1.54% of the national population, Louisiana has approximately 5,400 of those annuitants living in the state. Texas, Louisiana, Alabama and Georgia have an average annual annuitant benefit of approximately \$21,000. Assuming the 5,400 annuitants have a similar annual benefit, the aggregate deduction amount to the state is approximately \$113 million. The 2003 year average effective tax rate for all filers was 2.7%. Applying this tax rate to the aggregate deduction estimate generates an estimated annual revenue loss of approximately \$3 million per year.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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