

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 834** HLS 08RS 1279

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 15, 2008	7:40 AM	Author: NOWLIN
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Add To Allowed Uses of Non-recurring Funds - Tax Rebates		

FUNDS/FUNDING OR SEE FISC NOTE SD EX See Note Page 1 of 1
 (Constitutional Amendment) Authorizes the use of nonrecurring revenue to provide taxpayer refunds

Current law {Art. VII, §10(D)(2)} allows officially designated non-recurring money to be used only for (1) debt retirement or defeasance, (2) additional retirement system unfunded accrued liability payments, (3) capital outlay projects, (4) Budget Stabilization Fund deposits, (5) deposits to the Coastal Protection and Restoration Fund, and (6) new highway construction eligible for federal matching funds.

Proposed law adds the additional use of providing for a refund, rebate, or credit to Louisiana taxpayers.

To be submitted to the electors at the statewide election on November 4, 2008.

EXPENDITURES	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Allowing non-recurring funds to be allocated to the additional use provided by the bill (tax rebates) does not necessarily change the aggregate level of state expenditures. Obviously, however, to the extent non-recurring funds are allocated to this new purpose, less of those monies are available to be allocated to debt retirement/defeasance, the retirement systems' UAL, or to capital outlay and road projects. The allocation to the Budget Stabilization Fund is not affected because it gets a fixed share of non-recurring monies (up to 25% of the designated amount). The operating budget of the state can also be effectively supplemented for some years, though, to the extent non-recurring monies are utilized to retire/defease state debt. To the extent allocations are made to the additional use provided by this bill, the ability to supplement the annual operating budget through debt retirement/defeasance will be reduced.

Should all or a portion of any future year's surplus be allocated for this new purpose and rebate checks be provided to taxpayers, the Department of Revenue reports that postage costs would be approximately \$650,000. There would likely be additional costs for materials (for example \$60,000 for checks themselves) and personnel time expended to process over 1.7 million payments (personnel time/effort would depend on the requirements of the enabling legislation: for example, fixed amount for all vs. calculated payment per taxpayer). While a refund or credit mechanism might be less expensive to carry out, they would still involve some check mailings and administrative costs.

REVENUE EXPLANATION

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

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

H. Gordon Monk

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Legislative Fiscal Officer