

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



Fiscal Note On: **HB 585** HLS 15RS 1060

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 11, 2015	8:44 AM	<b>Author:</b> ANDERS
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Exempt Out-of-state Public Retirement Income		

TAX/INCOME-INDIV/EXEMPT OR DECREASE GF RV See Note Page 1 of 1  
Exempts income received by individuals from public retirement systems of other states from state income taxation

Current law exempts Louisiana and federal public retirement income from income taxation.

Proposed law adds income from public retirement systems of any other state to the exemption from state income tax.

Effective for taxable years beginning on or after January 1, 2016.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<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>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	<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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Department of Revenue (LDR) will incur costs for computer system modification and testing, tax form redesign, and tax payer inquiries. These costs are typically small for individual tax law changes such as this (several thousands of dollars) and are typically absorbed within existing resources until cumulative changes necessitate additional resources be provided.

**REVENUE EXPLANATION**

The bill will result in an indeterminable annual loss of state income tax receipts. Neither the Department of Revenue or the Legislative Fiscal Office have been able to generate information sufficient to estimate the amount of income received by Louisiana tax filers from public retirement systems of other states.

To the extent such income is reported on state income tax returns, and the filers are age 65 or older, it is already allowed a \$6,000 (single) and \$12,000 (joint) exemption. The bill would be providing an exemption for the balance of such income over these already exempt thresholds.

Since the bill is effective beginning with the 2016 tax year, revenue losses will primarily begin in FY17 with the filings in the spring of 2017, to the extent withholdings and/or declarations are not adjusted in the spring of 2016.

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|----------------------------------------------------------------------------------------|----------------------------|--------------|--------------------------------------------------------------------------------------------|
| <u>Senate</u>                                                                          | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}                  |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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**