# Senate Finance Committee
# Consideration of Tax Credit Bills

Effective January 1, 2012, tax credits will be considered only in a session when a biennial budget is being adopted.

## Principles for Considering Current and Future Tax Credit Bills

- Tax credits can be allowed for up to 65 percent of a taxpayer's donation, investment or other specified value; they will not be refundable or transferable.
    - If a payment to taxpayer is desired, it should take the form of an appropriated grant.
    - Fiscal impact analysis must demonstrate a future increase in revenue as a result of the proposed tax credit or budgetary savings in excess of the credit.
- All tax credits will have a five-year sunset.
- Tax credits must apply to a specific intended future revenue or budgetary savings purpose rather than being applied broadly to a class of entities.
- The above principles will apply when considering a proposed expansion of an existing tax credit.

## Committee Policies for Considering Tax Credit Bills

- Tax credit bills will be scheduled during the final week for Committee action on bills, in order to provide maximum time for revenue impact statements to be developed;
- If TAX Department or JLARC indicates that the revenue impact is more than de minimus or unknown, the Chairman will move that the bill be passed by for the year and will refer the bill by letter to the JLARC Fiscal Impact unit for further revenue impact analysis during the interim.

- Before tax credit bills are taken up by the Committee, staff will provide a cumulative dollar total of the budget impact (revenue and expenditure) from bills already passed by the Committee.

- The above-stated principles and policies will govern action on tax credits unless the Committee finds that there is a compelling reason to do otherwise.