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House Bill 399 Corporate Tax: Remove Exemptions/Credits

House Bill (HB 399) identifies and captures potential lost revenue by eliminating certain indirect expenditures. The *2015 Legislative Finance Indirect Expenditure Report* identified indirect expenditures in the Department of Revenue, these indirect expenditures have cost the State almost \$5.0 million dollars of foregone revenue each year in Corporate Income Tax. The report recommended that these credits, and exemptions be terminated.

During the FY18 budget process, the House Finance Subcommittee for the Department of Revenue reviewed these indirect expenditures and recommended that House Finance Committee offer legislation that eliminates these indirect expenditures.

The indirect expenditures repealed in HB 399 were selected for repeal for following reasons: The indirect expenditures did not meet legislative intent, had limited benefit or wasn't used, or the purpose of conformity has changed since the credit, or exemptions were created.

House Finance Committee, House Bill 399 repeals the following indirect expenditures:

- Federal Tax Credits
- Foreign Royalty Exclusions
- Reduced Rate for Capital Gains
- Credit associated with the Stranded Gas Act