

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 11** SLS 162ES 21
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|--------------------------------|
| Date: June 15, 2016 9:13 AM | Author: BARROW |
| Dept./Agy.: Revenue | Analyst: Deborah Vivien |
| Subject: Exempts certain items from state sales tax | |

TAX EXEMPTIONS OR DECREASE GF RV See Note Page 1 of 1
 Legislates with regard to sales tax exemptions for certain educational institutions. (Item Nos. 7, 13, 14, and 32) (7/1/16)

Current law taxes purchases of tangible personal property and certain services under 4 state sales tax impositions: 1%, 2%, 1.97% and 1% for a total of 4.97%, though not all items are taxed at the maximum rate. Items specifically exempt from taxation through 6/30/18 are listed under R.S. 47:302 (2%) and 47:321.1 (1%). Various taxable transactions will be exempt from state sales tax beginning 7/1/18.

Proposed law exempts certain transactions from 3% of state sales taxes imposed under R.S. 47:302 (2%) and 47:321.1 (1%) by adding these items to the exemption list of each imposition. The exemption will begin 7/1/16. A list of call items in the bill is included in the revenue explanation of the note.

| EXPENDITURES | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</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 |

| REVENUES | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>5 -YEAR TOTAL</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | DECREASE | DECREASE | \$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 |

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill provides exemptions from state sales tax, and to the extent that these transactions occur and are exempt from state sales tax on or after 7/1/16, state receipts will be less than they would otherwise be. Reporting associated with these exemptions is included in the aggregate "other" category on the state sales tax form which does not provide specific data reflecting these particular transactions. However, the cumulative effect of changes to taxes reported in the "other" category may be substantial depending upon the number and type of exemptions enacted this session.

To the extent transactions are exempted from taxation, revenue collections are lower than they would otherwise be, even if specific foregone revenue amounts are not known. The effect of bills such as this are incorporated by utilizing forecasts at the lower end of the range of possible forecasts, and the actual lower collections history becomes the basis for future revenue forecasts.

The bill will have no impact in FY 19 and beyond as these transactions are already exempt at that time under current law.

| Call Item | Call Language | R.S. Citation |
|-----------|---|------------------|
| 7 | Sales of admissions to athletic and entertainment events for elementary and secondary schools | 47:301(14)(b)(i) |
| 13 | Sales, leases, rentals, and use of educational materials and equipment by parochial and private elementary and secondary schools who comply with Dodd Brumfield (<i>bill is only sales</i>) | 47:301(10)(q) |
| 14 | Sales by parochial and private elementary and secondary schools that comply with Dodd Brumfield | 47:301(18)(e) |
| 32 | Sales of meals by educational institutions, medical facilities, mental institutions | 47:305(D)(2) |

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

Gregory V. Albrecht
 Chief Economist