

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



Fiscal Note On: **HB 51** HLS 162ES 30  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **w/ SEN COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 19, 2016 5:48 PM	<b>Author:</b> MORRIS, JIM
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Exempts certain items from state sales tax	

TAX/SALES-USE, STATE RE1 SEE FISC NOTE GF RV Page 1 of 2  
 Provides with respect to the effectiveness of certain exclusions and exemptions from state sales and use taxes (Items #7-34)

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 on page 2 of the note. Certain items will remain taxable at 1% as they were prior to the 2016 First Extraordinary Session. The bill defines isolated or occasional sales as those by individuals not required to register as a dealer, as well as those not employing an auctioneer, broker, or factor for the sale. Isolated sales are also not sales of aircraft, recreational boats, mobile homes, or motor vehicles, any of which require state or federal documentation. Provisions of the bill are severable.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</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>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>						

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

Restricting the definition of isolated or occasional sales should work to increase sales tax collections by an unknown amount as certain items previously exempt as isolated or occasional sales appear to be taxable at the full state sales tax rate. Reporting associated with this exemption is included in the aggregate "other" category on the state sales tax form which does not provide specific data reflecting these particular transactions.

This bill contains provisions that would be expected to both increase and decrease revenue collections by unknown amounts. To the extent transactions affected by the bill are exempted from taxation or are subjected to taxation, revenue collections will vary from what they would otherwise be, even if specific foregone or gained revenue amounts are not known. The effect of bills such as this are incorporated by utilizing forecasts at the lower end or higher end of the range of possible forecasts, as appropriate to the bill. While this bill combines such effects, the actual collections history still becomes the basis for future revenue forecasts.

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|--|--|--------------|
| <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**



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CONTINUED EXPLANATION from page one:

Table with 3 columns: Call Item, Call Language, R.S. Citation. Contains 34 rows of tax exemption details.

Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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