



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 93 SLS 17RS 174
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 14, 2017 1:57 PM Author: MILLS
Dept./Agy.: REVENUE Analyst: Benjamin Vincent
Subject: Sales & Use Tax Exclusion: Aircraft Preparation & Painting

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1
Excludes from repairs to tangible personal property certain preparation and painting of aircraft for purposes of sales and use tax. (7/1/17)

Current law includes repairs to tangible personal property as a taxable service for the purposes of sales and use tax.

Proposed law specifies that aircraft surface preparation and painting is not a repair for the purposes of state and local sales and use tax.

Effective July 1, 2017.

Table with 7 columns: EXPENDITURES, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Current law taxes surface preparation and painting of aircraft that are delivered to a Louisiana location at a rate of 5%. This service is taxed at a rate of 2% for aircraft delivered to a location outside of the state until July 1, 2018, at which time the service will become fully exempt.

Proposed law would incur a revenue loss on aircraft delivered outside Louisiana prior to July 1, 2018. It would incur a revenue loss on aircraft delivered to Louisiana locations in all years.

The Federal Aviation Administration reports that as of April 2017 there are 4,319 civil aircraft registered in Louisiana. Information published by the Aircraft Owners and Pilots Association indicates that painting on smaller private aircraft is typically performed every 10 years, and typically costs an average of \$5,500 for a small aircraft.

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
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}

Signature of Gregory V. Albrecht
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