

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 577** HLS 17RS 1161
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 17, 2017 10:31 AM	Author: STOKES
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales & Use Tax: Exclusions & Exemptions	

TAX/SALES-USE OR DECREASE GF RV See Note Page 1 of 1
 Expands state/local sales tax exemption on amounts paid for the right to broadcast copyrighted material by licensors thereof to include owners and distributors, and replaces the exclusion on coin-operated telephone services with an exemption. Current law provides for an exclusion of state and local sales and use taxes for telecommunication services at coin-operated telephones, and exempts amounts paid to licensors of copyrighted material for the right to broadcast the material. A 4% tax is currently imposed on fees paid by broadcasters until July 1, 2018, at which time these transactions will be taxed at 1%. Coin-operated telephones are subject to a tax of 3% until July 1, 2018, at which time they will become fully exempt.

Proposed law repeals the provision for an exclusion of telecommunications services at coin-operated telephones and replaces it with an exemption. Additionally, it expands the exemption on amounts paid for the right to broadcast copyrighted material to include fees paid to owners and distributors as well as licensors.

Effective August 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

LA Dept. of Revenue (LDR) notes that proposed law will not override Acts 25 and 26 without specific language to the contrary, and that the rates provided by current law on these transactions will still apply for FY18, and all years following (4% tax in FY18 and 1% tax in FY19 and beyond).

The expansion of the exemption for broadcast fees paid to owners and distributors will exempt some transactions that were previously taxable, and result in a decrease in both general fund revenues and local funds. LDR reports that no taxpayers have claimed the 1% exemption currently available on sales tax returns, and thus no value base of broadcast fees can be established for the existing exemption. While it is unknown if taxes are being remitted on these fees under current law, the bill appears to be expanding the exemption and can only work to diminish revenue, to the extent it is being remitted.

According to LDR, the removal of the exclusion for coin-operated telephone services, and its replacement with an exemption, will not impact state or local revenues.

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}

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