

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 626** HLS 17RS 1173
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 17, 2017 6:28 PM	Author: TALBOT
Dept./Agy.: Dept. of Public Safety/Office of Motor Vehicles	Analyst: Zachary Rau
Subject: Flat Sales Tax for Sales of Vehicles Eligible for Antique Titles	

TAX OR -\$38,000 GF RV See Note Page 1 of 1
 Exempts the sale or use of an antique, classic, or vintage motor vehicle held in a private collection from state and local sales and use taxes and imposes a tax on the issuance of a title for such vehicle
Present law subjects the sale of vehicles eligible for an antique, classic, or vintage title to state and local sales & use taxes based upon the selling price of the vehicle.
Proposed law exempts these vehicles from state and local sales and use taxes.
Proposed law establishes a \$50 state tax and a \$50 local tax for the issuance of a title for a motor vehicle eligible for an antique, classic, or vintage motor vehicle title. Proposed law requires the Commissioner of the Office of Motor Vehicles to collect the state and local taxes, as well as remit the local taxes on a monthly basis. Proposed law allows the Commissioner to levy a fee for collection not to exceed .05% of the tax proceeds.

Effective July 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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$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.	(\$38,000)	(\$29,000)	(\$29,000)	(\$29,000)	(\$29,000)	(\$154,000)
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>(\$29,000)</u>	<u>(\$29,000)</u>	<u>(\$29,000)</u>	<u>(\$29,000)</u>	<u>(\$29,000)</u>	(\$145,000)
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law will decrease SGF receipts and tax receipts of local governmental entities by an indeterminable amount. The proposed legislation exempts motor vehicles eligible for an antique, classic, or vintage motor vehicle pursuant to LA R.S. 32:707(L) from the present 5% sales and use tax on the selling price of the vehicle and levies a \$100 flat, aggregate tax (\$50 state, \$50 local) on the issuance of a title pursuant to R.S. 32:707(L).

According to information obtained from the Dept. of Public Safety, Office of Motor Vehicles, 75 vehicles meeting the criteria of a title pursuant to R.S. 32:707(L) were sold in FY 16 at an average value of \$11,050 per vehicle, yielding a gross sale amount of \$828,750 (75 vehicles * \$11,050/vehicle). A 5% state sales and use tax applied to these vehicles yields SGF receipts of \$41,438. To the extent the same population of vehicles is subject to a flat \$50 sales tax, SGF receipts would total \$3,750 (\$50 tax/vehicle * 75 vehicles, a decrease of \$37,688 (\$41,438 via 5% state sales and use tax - \$3,750 via flat tax) in SGF receipts would occur. In FY19 and beyond the state sales tax will be 4%, reducing the state net revenue loss from the bill. Activity in this market is variable, and SGF losses will differ from year to year.

Furthermore, local tax receipts will likely decrease as a result of the proposed legislation based upon the \$11,050 average per-vehicle sale price OMV reported in FY 16. To the extent sales continue at the FY 16 average price and local sales and use tax rates are approximately 4% around the state, the \$50 local flat tax will result in an aggregate local revenue loss of approximately \$29,400 (\$11,050 * 75 * 4% - \$50 * 75). Activity in this market is variable, and local losses will differ from year to year.

In addition, proposed law may increase SGR collections for the Dept. of Public Safety, Office of Motor Vehicles to the extent the office collects the \$50 local tax (see Revenue Explanation) on behalf of local governments. The fee may not exceed .5% of the \$50 local tax, or \$0.25 per sale. Based upon 75 transactions of vehicles qualifying for a title pursuant to RS 32:707(L) in FY 16, SGR collections associated with collecting the \$0.25 fee are anticipated to be minimal.

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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