

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



Fiscal Note On: **SB 22** SLS 17RS 46  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 19, 2017	10:41 AM	<b>Author:</b> PEACOCK
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax: 2nd Amendment Holiday		

TAX/SALES-USE EG +\$400,000 GF RV See Note Page 1 of 1

Clarifies the definition of "hunting supplies" to exclude certain items, including off-road vehicles and certain tools and accessories for the purposes of exemption during the Annual Louisiana Second Amendment Weekend Holiday.

Current law provides that on the first full weekend of September each year, sales and use tax levied by the state and its political subdivisions shall not apply to purchases of firearms, ammunition, or hunting supplies. "Hunting supplies" includes hunting accessories, apparel, off-road vehicles, and vessels such as ATV's, airboats, or pirogues, as long as the item is used for hunting. As affected by Acts 25 & 26 of 2016 ES1, this exemption results in a 3% tax rate for these transactions (a 2% tax exemption) until July 1, 2018, after which these transactions will become fully exempt to the 4% state tax.

Proposed law excludes certain items from the definition of "hunting supplies". Off-road vehicles such as ATVs, airboats, and pirogues, and certain tools and accessories such as binoculars, cases, animal feed, and tree stands are not included.

Effective August 1, 2017.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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	\$0	\$0	\$0	\$0	\$0	<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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$400,000	\$1,300,000	\$1,300,000	\$1,300,000	\$1,400,000	<b>\$5,700,000</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	\$400,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,600,000	<b>\$6,500,000</b>
<b>Annual Total</b>	<b>\$800,000</b>	<b>\$2,800,000</b>	<b>\$2,800,000</b>	<b>\$2,800,000</b>	<b>\$3,000,000</b>	<b>\$12,200,000</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Proposed law limits the items that are eligible for sales and use tax exemption during the Annual Louisiana Second Amendment Weekend Holiday. The revenue impact due to this proposal will be an increase as reflected in the table above. The FY18 revenue increase reflects a reduction in state sales tax rate on eligible purchases from 5% to 3%. FY19 and all years following reflect a reduction from 4% to 0%.

Most of the revenue increase from proposed law will result from the various vehicles and vessels that will no longer be included in the holiday. Additionally, some revenue will be gained from some types of hunting supplies and accessories no longer being included. LA Dept. of Revenue (LDR) and the Office of Motor Vehicles (OMV) estimate that the total revenue loss due to the holiday for FY17 is \$0.9M, with approximately \$0.4M coming from vehicles and vessels that proposed law would exclude from the holiday alone.

The exclusion of other equipment (such as tree stands etc) will also result in revenue gains due to proposed law. However, data on these smaller purchases is unavailable, and the amount of revenue gain due to their exclusion from the tax holiday would be speculative.

Local sales tax collections, including both parish and municipal collections, have varied with respect to state collections as the state rate has changed from 4% to 5%. Total local collections are expected to be slightly smaller than total state collections in FY18 as current law provides for a state rate of 5% for that year (the FY18 state and local revenues are listed in the revenue impacts above as equal due to rounding). In FY19 and all years following, combined local sales tax collections are expected to be somewhat larger than total state sales tax collections, as current law provides for a 4% state tax rate for those years.

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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