

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Date: April 26, 2017	8:46 AM	Author: MILLS
Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Sales & Use Tax Exclusion: Aircraft Preparation & Painting		

TAX/TAXATION EG 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, as long as the aircraft's Federal Aviation Administration (FAA) registration address is not in Louisiana.

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.	DECREASE	\$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	DECREASE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

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 location outside of the state of Louisiana at a rate of 2% until July 1, 2018, at which time the service will become fully exempt. Proposed law would exclude this service from the definition of taxable services, and apply a tax rate of 0% to transactions if the aircraft has a FAA registration address outside the state.

Proposed law would incur a revenue loss on aircraft delivered outside Louisiana prior to July 1, 2018. LA Dept. of Revenue (LDR) has no readily available information on the amount of sales of this type of service for aircraft registered outside of Louisiana, therefore an estimate of the size of the revenue loss is not available.

However, this type of service for aircraft registered outside the state typically involves service to larger corporate-owned or airline-owned cargo or passenger aircraft, instead of smaller personal aircraft. Thus, these transactions will tend to be relatively large, which suggests a relatively large revenue loss as a result of proposed law.

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}

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist