

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 105** SLS 17RS 400
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 30, 2017	2:42 PM	Author: ALLAIN
Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Sales & Use Tax Exemption: Fuel Used for Farming		

TAX EXEMPTIONS OR -\$796,000 GF RV See Note Page 1 of 1
 Exempts purchases of diesel fuel, butane, propane, or other liquefied petroleum gases to farmers from states sales and use tax.

Current law imposes a 1% state sales and use tax on sales and purchases of diesel fuel, butane, propane, or other liquefied petroleum gases to farmers until July 1, 2018, at which time these transactions will become fully exempt.

Proposed law exempts these transactions from all state sales and use tax beginning July 1, 2017.

Effective upon governor's signature.

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.	(\$796,000)	\$0	\$0	\$0	\$0	(\$796,000)
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	(\$796,000)	\$0	\$0	\$0	\$0	(\$796,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Current law provides that sales of certain fuels for farmers is exempted from 4% of the combined total tax rate of 5%. Proposed law exempts the remaining 1%, reducing the rate 1% to 0%, beginning July 1, 2017.

LA Dept. of Revenue reports that the projected revenue loss due to the 4% exemption provided by current law will be approximately \$3.3M in FY18. Applying the loss of another 1% of the implied sales yields an estimated revenue loss of \$800,000 due to proposed law. For FY19-FY22, the imposed rate will remain at 0%, so the revenue impacts will be zero.

LA Dept. of Revenue reports an implied \$79.6 M base of taxable sales impacted by this exemption for FY17. Exempting these transactions from the current 1% rate will cause a revenue loss of at least \$796,000 for FY18.

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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