



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

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

<b>Date:</b> May 9, 2017 6:44 PM	<b>Author:</b> ALLAIN
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales & Use Tax Exemption: Fuel Used for Farming	

TAX EXEMPTIONS EG -\$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	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>(\$796,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$796,000)</b>

**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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