



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 673 HLS 17RS 1222
Bill Text Version: RE-REENGROSSED
Opp. Chamb. Action: w/ #2 SEN COMM AMD
Proposed Amd.:
Sub. Bill For.:

Date: June 5, 2017 8:54 AM Author: STOKES
Dept./Agy.: REVENUE Analyst: Benjamin Vincent
Subject: Sales Tax: Streamlining Various Provisions

TAX/SALES-USE RR2 SEE FISC NOTE GF RV See Note Page 1 of 1
Amends, reenacts, or repeals various sales and use tax statutes. Enacts new exemption and refund statutes.

Current law imposes a tax on the sale, use, lease, or rental of tangible personal property and sale of certain services at various rates, and provides for exemptions and exclusions of various amounts.

Proposed law repeals numerous state and local sales tax statutes. Several repealed provisions are reenacted as exemptions, and some reenacted exemptions are consolidated using broader language. The bill also expands several exemptions to local taxing authorities.

Effective July 1, 2018.

Table with columns: EXPENDITURES, REVENUES, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

The Dept. of Revenue will incur costs associated with designing, modifying, and testing the tax processing system. These costs are typically estimated in the tens of thousands of dollars of staff time.

REVENUE EXPLANATION

Proposed law would repeal numerous exemptions and exclusions, reenact several exclusions as exemptions, reenact some repealed narrow exemptions as consolidated exemptions, and extend some exemptions to local taxing authorities.

Exemptions/exclusions that are repealed without replacement would increase revenue, while exemptions that are replaced or consolidated would tend to have no net impact or reduce revenue.

Anticipated revenue impacts are estimated using available sales tax data. Proposed law may cause either an increase or decrease to general fund, dedicated, and local fund revenues.

Provisions that would impact revenues are grouped by type, and summarized below:

- Repealed exemptions that are not replaced would increase revenues by approximately \$3 million in FY19.
-Repealed exemptions that are re-enacted with broader language and local applicability would result in either a negligible impact or a revenue loss of unknown size.
-Some repealed exclusions that are re-enacted as exemptions would be exempted from the R. S. 47:321 "permanent penny" in FY19, relative to current law.

Thus, the anticipated state net revenue impact is likely to be very close to neutral. It is important to note that there exists minimal data on several items used to construct these estimates, and the uncertainty on any of the items affected implies that the actual resulting impact may be slightly positive or slightly negative.

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
[X] 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}

Signature of Gregory V. Albrecht
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