



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 629** HLS 17RS 1248
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 12, 2017 1:35 PM	Author: ANDERS
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales Tax Exemption: Polyroll Tubing	

TAX/SALES-USE, ST-EXEMPT EN -\$690,000 GF RV See Note Page 1 of 1

Adds certain polyroll tubing to the definition of farm equipment for purposes of the state sales and use tax exemption for certain farm equipment
Current law taxes sales of polyroll tubing and certain purchases by qualified radiation therapy treatment centers at a rate of 3% through June 30, 2018, at which time these purchases will become fully exempt. The first \$50,000 of farm irrigation equipment is currently exempt from state sales tax.

Proposed law extends the definition of farm equipment to specifically include polyroll tubing, and fully exempts certain purchases made by qualifying radiation therapy treatment facilities. Proposed law also specifically excludes purchases of fuel or gas for residential use by the consumer from the definition of "retail sale" or "sale at retail" for the purposes of the sales and use tax imposed by the state or any political subdivision.

Effective upon governor's signature, although individual provisions are applicable as detailed below.

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	\$0	\$0	\$0	\$0	\$0	\$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.	(\$690,000)	\$0	\$0	\$0	\$0	(\$690,000)
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	SEE BELOW	\$0	\$0	\$0	\$0	\$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

Proposed law contains provisions on multiple exemption/exclusions. It fully exempts purchases of polyroll tubing and qualified purchases by radiation therapy treatment facilities, and excludes purchases of fuel or gas for residential consumption.

The expected total impact of proposed law is a general fund decrease of approximately \$670,000 in FY18, and no impact in FY19-FY22 because these transactions are scheduled to return to fully exempt status in FY19 and beyond under current law. The impact for each provision is detailed below.

Polyroll tubing provision:

LFO analysis of LSU AgCenter (Red River Research Station) and USDA data yields an estimated \$7.1 million total in polyroll tubing purchases under the \$50,000 threshold annually. This figure implies a general fund exposure to revenue losses of \$210,000 in FY18, and no impact in FY19-FY22. Proposed law would also exempt tax for any local jurisdictions that have adopted the exemption, although data on which local jurisdictions, if any, have enacted a resolution or ordinance adopting the exemption is not readily available. This provision is effective October 1, 2017.

Qualifying radiation therapy treatment centers provision:

Requirements for these qualifying purchases are provided in R.S. 47:305.64. The total number of qualifying facilities in the state, and the typical volume of purchases by such facilities, are both unknown. However, three major qualifying facilities are known, and expected qualifying annual purchases of \$7.7 million and \$500,000 has been reported for two of them. The assumption that the third major facility has similar equipment purchase requirements to the larger facility implies a general fund revenue loss of \$480,000 in FY18 and no impact in FY19-FY22. This provision is effective July 1, 2017.

Fuels for residential use provision:

These purchases are currently treated as excluded from any imposition of sales tax, and proposed law clarifies that these purchases must be for residential consumption. This provision is expected to have no revenue impact in any year.

<u>Senate</u> <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<u>House</u> <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	 Gregory V. Albrecht Chief Economist
--	---	--