



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 113** SLS 18RS 374  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> March 8, 2018	1:19 PM	<b>Author:</b> PEACOCK
<b>Dept./Agy.:</b> REVENUE		
<b>Subject:</b> Remove separate metering requirement for residential water		<b>Analyst:</b> Benjamin Vincent

TAX EXEMPTIONS OR DECREASE GF RV See Note Page 1 of 1

Constitutional amendment to remove the separate metering requirement from the definition of water sold directly to the consumer for residential use. (2/3 - CA13s1(A))

Current law exempts sales of water for residential use from sales tax, but requires each unit in a multi-unit residence to be separately metered or measured in order to be considered for residential use. If the residences are not metered separately, the sales of water are considered to be for commercial purposes and not eligible for the exemption. Current law provides that non-residential sales of water will be taxed at 1% until March 31, 2019, at which time they will become fully exempt.

Proposed law provides that separate metering is not required for the residential exemption.

Effective upon governor’s signature, pending adoption of a constitutional amendment to be voted on November 6, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	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	\$0	\$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

Current law provides that sales of water for non-residential purposes is taxed at 1% until March 31, 2019, at which point these sales will become fully exempt.

LA Dept. of Revenue reports a total of \$152 million of sales of water for non-residential purposes in FY17. An indeterminable, but likely relatively small, portion of these sales will be treated as sales for residential purposes due to proposed law. These sales will become fully exempt from the 1% tax rate that will be levied for nine months of FY19.

This will result in reduced revenues to the General Fund in FY19, and no impact in any year following, under current law.