

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 209** HLS 19RS 606
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 30, 2019 5:24 PM	Author: DAVIS
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales Tax Exemption: Demonstrator Vehicles	

TAX EXEMPTIONS RE NO IMPACT GF RV See Note Page 1 of 1

Authorizes a sales and use tax exemption for new automobiles, aircraft, boats, vessels or other water craft used as demonstrators

Present law levies a combined state sales and use tax rate of 4.45% on purchases of motor vehicles until July 1, 2025, at which time the combined rate will drop to 4.0%. Current law contains an exemption for purchases of motor vehicles for use as demonstrators, which is suspended until July 1, 2025.

Proposed law fully exempts new automobiles, aircraft, boats, vessels, or other water craft withdrawn from stock or kept in dealer inventory and used as demonstrators from the state sales tax.

Effective July 1, 2019.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$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 fully exempts purchases of several types of new vehicles from the state sales and use tax provided they are used as demonstrators and are kept in the dealer's inventory.

The Dept of Revenue reports that although this exemption was suspended by Act 1 of the 3rd Special Session of 2018, sales of vehicles for use as a demonstrator are not considered a taxable transaction pursuant to R.S. 47:473 (dealer inventory license plates). Thus, the exemption provided by this bill should have no impact to revenues.

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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