

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 3** SLS 202ES 34
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: September 28, 2020 8:07 PM	Author: CATHEY
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Sales Tax Exemption: Business Utilities	

TAX EXEMPTIONS OR -\$84,400,000 GF RV See Note Page 1 of 1
 Exempts business utilities from state sales tax for businesses impacted by 2020 states of disaster or emergency. (gov sig) (Item #26)
Present law exempts purchases of certain non-residential utilities from three of the four major sales and use tax levies, resulting in a state rate of 2% on these purchases thru June 30, 2025.

Proposed law exempts purchases of non-residential utilities from the 2% levy from November 1, 2020 through June 30, 2021.

Effective upon governor's signature.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	(\$84,400,000)	\$0	\$0	\$0	\$0	(\$84,400,000)
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
Annual Total	(\$84,400,000)	\$0	\$0	\$0	\$0	(\$84,400,000)

EXPENDITURE EXPLANATION

The Revenue Department indicates IT staff time costs of some \$25,000 to make and test modifications to the sales tax system.

REVENUE EXPLANATION

Proposed law exempts purchases of nonresidential utilities from a 2% state tax rate for the final eight months of FY21. Actual and projected general sales tax growth applied to business utilities sales tax collections for FY19 as reported in the Revenue Department's Tax Exemption Budget implies a partial-year revenue impact for FY21 of approximately \$84.4 million.

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}

Gregory V. Albrecht
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