

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 26** HLS 202ES 105
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: October 2, 2020 5:09 PM	Author: SCHEXNAYDER
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Sales Tax Holiday: November 2020	

TAX/SALES-USE-EXEMPT OR -\$4,500,000 GF RV See Note Page 1 of 1
 Establishes a sales tax holiday to provide relief for recovery as a result of Hurricane Laura and the COVID-19 pandemic (Item #26)

Current law temporarily provides for the suspension of three state sales and use tax holidays through June 30, 2025. These include the Louisiana Annual Sales Tax Holiday, the Hurricane Preparedness Holiday, and the 2nd Amendment Weekend Holiday.

Proposed law establishes a one-time sales tax holiday, effectively identical to the Annual Louisiana Sales Tax Holiday, from November 20 through November 21, 2020. Proposed law additionally authorizes political subdivisions to exempt the same sales from local taxes, provided that the exemption is established no later than November 6, 2020.

Effective upon governor's signature.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$4,500,000)	\$0	\$0	\$0	\$0	(\$4,500,000)
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$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 enacts a sales tax holiday on the days of November 20-21, 2020. The proposed holiday has the same applicability as the currently-suspended Louisiana Annual Sales Tax Holiday, which is typically held during the first weekend in August. The proposed law also authorizes political subdivisions to exempt sales under the holiday from local sales taxes.

The level of taxable sales observed during the August Annual Sales Tax Holiday implies an average revenue impact of approximately \$4.2 million in recent years. As elevated taxable sales activity is consistently observed during the holiday season, the figure in the boxes above is adjusted to reflect the seasonal effect of moving the holiday from August to November, which is estimated at approximately 7% for the particular weekend of this proposed holiday.

The resulting anticipated one-time state revenue impact is \$4.5 million. To the extent that political subdivisions exempt these sales from local taxes, local collections would also decrease by an indeterminable amount.

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}

Christopher A. Keaton
Legislative Fiscal Officer