



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **SB 40** SLS 21RS 229
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 9, 2021	4:03 PM	Author: WARD
Dept./Agy.: Parish Governing Authorities		
Subject: Sales Tax on Motor Fuels		Analyst: Barbara Lively

TAX/SALES OR INCREASE LF RV See Note Page 1 of 1
 Constitutional amendment to authorize a parish governing authority to levy sales tax on motor fuels with the approval of the parish electors. (2/3 - CA13s1(A))

Purpose of Bill: (CONSTITUTIONAL AMENDMENT) This bill authorizes a local parish governing authority to impose a tax on the retail sale of gasoline, diesel fuel, and special fuels, if approved by a majority of the electors voting thereon. The collections are not required to be deposited in the Transportation Trust Fund, and shall be used solely to supplement state and federal funding for roads and bridges located in the parish in which the tax is collected.

This proposed Constitutional Amendment is to be submitted to the electors at the statewide election to be held on November 8, 2022.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</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	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
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Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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Local Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

The bill could increase local expenditures by an indeterminable amount.

The bill requires that the tax collections be used by the parish governing authority exclusively for construction and maintenance of the roads and bridges within the parish. However, the exact amount of the expenditure increase is indeterminable at this time as the amount of revenue that will be generated by these taxes is also indeterminable at this time (see Revenue Explanation below).

REVENUE EXPLANATION

The bill could increase local revenues by varying levels depending on the parishes that implement the tax, the volume of gallons sold, the sales price of each gallon sold, and the sales tax rate imposed.

The bill would allow a local parish governing authority the ability, subject to voter approval, the right to levy and collect a sales tax on the retail sales of gasoline, diesel fuel, and special fuels (fuel). Currently, fuel taxes are assessed and collected only by the state, and all state fuel taxes are based on volume, not total sale value. Therefore, there is no historical information about revenue generated from fuel taxes based on total sale value. In addition, the bill does not specify the sales tax rate to be imposed. Consequently, the exact fiscal impact is indeterminate at this time.

For illustrative purposes, we calculated that this bill could generate \$75 million annually in local governmental revenue if a 1% sales tax was imposed statewide (based on 3 billion gallons of fuel sold annually at \$2.50 per gallon).

Senate
 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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