



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 612** HLS 21RS 604
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 19, 2021	7:01 PM	Author: NELSON
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Sales Tax: Rate, Exclusions, Exemptions; Property Tax		

TAX OR INCREASE GF RV See Note Page 1 of 1
 Provides relative state and local taxes

Current law subjects purchases of tangible personal property to a combined state sales tax rate of 4.45% through June 30, 2025, at which time these purchases will be subject to a 4% rate. Current law provides definitions regarding items excluded from the sales tax base, and provides for exemptions from the tax. Proposed law repeals the temporary 0.45% sales tax levy and enacts a new levy of 2.06%. Proposed law repeals numerous exemptions, and defines some new types of digital transactions as taxable. Proposed law fully exempts business utilities at the state and local level. Proposed law repeals provisions enabling collections from Remote Sellers and for Consumer Use taxes. Proposed law additionally increases the minimum acreage required for certain property tax assessments, and removes the option to classify marshland as a homestead property. Proposed law is effective pending passage of a constitutional amendment at a statewide vote which is contained in a bill that is currently unspecified.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$51,000	\$0	\$0	\$0	\$0	\$51,000
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	\$51,000	\$0	\$0	\$0	\$0	\$51,000

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

LDR anticipates an upfront expenditure requirement of approximately \$51,000 for the purposes of computer system and tax form modification.

REVENUE EXPLANATION

Proposed law includes sales of digital goods delivered into the state into the taxable base, and defines several types of taxable digital goods, including but not limited to digital advertising, design, and broadcast services, news and general entertainment media (including but not limited to audio, video, artwork, books, and games), and purchases that temporarily or permanently enable access to utilize customized or prewritten software. The impact of the removed exemptions and newly-taxable goods and services, in isolation, would likely be a material increase in general fund revenue collections. A precise estimate of this impact is not readily available due to the complexity and number of transactions that are impacted.

Additionally, proposed law fully exempts purchases of nonresidential utilities from state and local sales and use taxes. In isolation, the impact of this provision would be to reduce state general fund collections by approximately \$120 million annually, based on the most recent available tax exemption data.

Proposed law subjects all taxable transactions to an additional state tax of 2.06% via a new levy, and repeals the temporary 0.45% levy in R.S. 47:321.1. The impact of removing the temporary 0.45% levy while enacting the permanent 2.06% levy would be a material increase in state general fund revenue collections, particularly in FY26 and all following years, possibly \$1.5 billion - \$2 billion per year with regard to the current state tax base.

Proposed law increases the minimum acreage required for assessment as agricultural, horticultural, or timber land from three acres to ten, and removes the option to classify marsh as homestead property. This provision can only serve to increase property tax liabilities. To the extent that existing assessments are impacted in some particular local political subdivisions, this provision in isolation would increase local tax revenue collections.

The net effect of proposed law on general fund collections is an indeterminable, but likely material, increase in general fund collections.

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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Chief Economist