

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 228** SLS 23RS 616

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|----------|--------------------------------|
| Date: May 9, 2023 | 10:07 AM | Author: ABRAHAM |
| Dept./Agy.: Revenue | | Analyst: Deborah Vivien |
| Subject: Excludes certain services from all sales tax if billed lump sum | | |

TAX/SALES RE DECREASE GF RV See Note Page 1 of 1
 Exempts from state and local sales and use taxes certain tangible personal property and services related to photography and videography services. (gov sig)
Current law subjects lump sum invoices to state and local sales tax if any portion of the items invoiced is taxable. Photography and videography services invoiced separately are not taxable.

Proposed law excludes photography and video services from state and local sales tax if these services are billed as a lump sum with electronically delivered end-products. The exclusion will be for 90% of the lump sum invoice. Proposed law provides that the Department of Revenue may issue rules to effectuate the exemption.

Effective upon signature.

| EXPENDITURES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | \$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 |

| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| 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 | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

LDR reports implementation costs of \$52,750 for programming, testing and system development costs, including form revisions. Depending on the aggregate impact of all enacted legislation from the session, LDR may require additional resources. Any additional expenditures from LDR self-generated revenue could translate to a reduction in state general fund revenue.

REVENUE EXPLANATION

The bill will exclude photography and video services from sales tax at the state and local level when billed as a lump sum if photos or videos are not separately stated and are delivered electronically. Per the bill, 90% of the invoice will be considered services and excluded from state and local sales tax.

Any attempt to discern an estimate of the magnitude of the state general fund or local fund decrease is uncertain.

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}

Alan M. Boxberger
Alan M. Boxberger
Interim Legislative Fiscal Officer