

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 438** HLS 13RS 995  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 18, 2013 4:19 PM	<b>Author:</b> ROBIDEAUX
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Constitutional amendment to allow state sales tax on fuel	

TAX/EXCISE OR +\$173,250,000 GF RV See Note Page 1 of 1  
 (Constitutional Amendment) Removes the prohibition of the state levying sales and use taxes on gasoline and certain motor fuels

Current law prohibits the levy of state or local sales and use tax on gasoline, motor fuels and special fuels that are subject to a motor fuel tax of 20 cents per gallon. Gasoline is exempt from all but 1% of state sales tax in the absence of the current constitutional prohibition.

Proposed law amends the constitution to authorize a state sales tax on gasoline, motor fuels and special fuels that are also subject to the motor fuels tax. Gasoline sales will be taxed at 1% and other fuels will be taxed at 4%. The local sales and use tax prohibition on this fuel is retained.

Effective January 1, 2015 if approved by voters in the statewide election on November 4, 2014.

EXPENDITURES	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$86,625,000	\$173,250,000	\$173,250,000	\$173,250,000	<b>\$606,375,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$86,625,000</b>	<b>\$173,250,000</b>	<b>\$173,250,000</b>	<b>\$173,250,000</b>	<b>\$606,375,000</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

According to the Department of Revenue, annual sales of fuel subject to the excise tax total about 3 billion gallons per year, with gasoline making up about 75%. Gasoline is exempt from 3% of state sales tax in R.S. 47:305(D)(1)(a) and all other fuels are subject to the full 4%. Assuming an average price of \$3.30 per gallon and imposing the appropriate rates on the implied sales leads to the following estimate:

	<b>Gallons</b>	<b>Sales</b>	<b>State Rate</b>	<b>Est. Sales Tax</b>
Gasoline	2,250,000,000	7,425,000,000	1.0%	74,250,000
Other Fuel	<u>750,000,000</u>	<u>2,475,000,000</u>	<u>4.0%</u>	<u>99,000,000</u>
<b>Total</b>	<b>3,000,000,000</b>	<b>9,900,000,000</b>		<b>173,250,000</b>

State general fund would increase by about \$173.25 M if state sales tax was imposed on fuel sales. If gasoline was subject to the entire 4%, state general fund would increase by an estimated \$396 M.

With an effective date of January 1, 2015, only half a year's impact occurs n FY15.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

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