

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



Fiscal Note On: **SB 579** SLS 14RS 1354

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 25, 2014 2:35 PM	<b>Author:</b> SMITH, JOHN
<b>Dept./Agy.:</b> Local Governments	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Local Sales Taxation of Certain Paving Materials	

TAX/LOCAL OR SEE FISC NOTE LF RV Page 1 of 1  
Provides for local sales and use taxation of certain materials used in certain paving-related activities. (7/1/14)

In general, local sales taxes are imposed where the title or possession of a good transfers to the buyer, and that local taxing jurisdiction receives those remittances.

This bill changes that general taxing convention for transactions of asphalt, Portland cement, or any tangible personal property used in paving, surfacing, or resurfacing activities related to immovable property. For transactions involving these products, the sales tax in the jurisdiction of sale will not apply, and the use tax in the jurisdiction of use of the products will apply.

Effective July 1, 2014.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
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	\$0	\$0	\$0	\$0	\$0	<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>

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

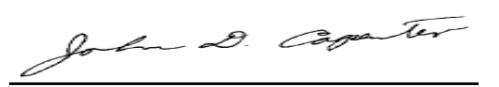
There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The bill appears to shift the tax liability associated with the materials involved in paving and surfacing utilized in building projects (immovable property) such as foundations, parking areas, and other hard-surface areas. Those jurisdictions where the project is located will gain tax receipts while jurisdictions where the paving materials were sold, when different from the location of the project, will lose tax receipts. While an estimate of affected tax receipts is not possible, given the scope of construction with paving or surfacing involved, presumably industrial, commercial, and residential, the total statewide amount of tax receipts shifted among local jurisdictions could be substantial.

An additional consideration might be the treatment of sales of paving/surfacing materials that are purchased in a local jurisdiction with no sales tax due under this bill, and used on projects outside of the state. In these cases there might be a net loss of local sales taxes in the state instead of a shifting of sales taxes among in-state local jurisdictions.

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|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                  |
| <input 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} |

  
**John D. Carpenter**  
**Legislative Fiscal Officer**