

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



Fiscal Note On: **SB 1** SLS 162ES 1

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 15, 2016	9:41 AM	<b>Author:</b> GATTI
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Creates sales tax exemption for certain events at schools		

TAX EXEMPTIONS EG DECREASE GF RV See Note Page 1 of 1  
Restores sales tax exemption for admissions to athletic and entertainment events for elementary and secondary schools. (7/1/16)(Item No. 7)

Current law taxes purchases of tangible personal property and certain services under 4 state sales tax impositions: 1%, 2%, 1.97% and 1% for a total of 4.97%, though not all items are taxed at the maximum rate. Items specifically exempt from taxation through 6/30/18 are listed under R.S. 47:302 (2%) and 47:321.1 (1%). Purchases are currently taxed at 3% and will be exempt from state sales tax beginning 7/1/18.

Proposed law exempts the sale of admission to athletic and entertainment events held for or by elementary or secondary schools from state sales tax beginning 7/1/16 by adding them to the exemption list under R.S. 47:302 (2%) and 47:321.1 (1%).

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</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	<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>

  

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	\$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>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The bill provides an exemption from state sales tax, and to the extent that admission to athletic and entertainment events held for or by elementary or secondary schools will no longer be subject state sales tax on their eligible purchases made on or after 7/1/16, state receipts will be less than they would otherwise be. Reporting associated with this exemption is included in the aggregate "other" category on the sales tax form which does not provide specific data reflecting the transactions made by these particular taxpayers. However, the cumulative effect of changes to taxes reported in the "other" category may be substantial depending upon the number and type of similar exemptions enacted this session.

To the extent transactions are exempted from taxation, revenue collections are lower than they would otherwise be, even if specific foregone revenue amounts are not known. The effect of bills such as this are incorporated by utilizing forecasts at the lower end of the range of possible forecasts, and the actual lower collections history becomes the basis for future revenue forecasts.

The bill will have no impact in FY 19 and beyond as these purchases are already exempt at that time under current law.

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|---|--|--------------|
| <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)(1) >= \$100,000 SGF Fiscal Cost {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} |              |

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