



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

Fiscal Note On: **HB 376** HLS 17RS 379  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 13, 2017 2:24 PM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales & Use Tax Exclusion: Certain Business Utilities	

TAX/SALES-USE, EXEMPT OR -\$2,300,000 GF RV See Note Page 1 of 1  
 Excludes nonresidential purchases of gasoline, steam, water, electric power or energy, natural gas, and energy sources other than refinery gas used for boiler fuel from the definition of "tangible personal property" for the purposes of sales tax.

Current law provides sales tax exemptions for gasoline, steam, water, electrical power or energy, natural gas, and energy sources other than refinery gas used for boiler fuel. Several exemptions are subject to partial suspension until July 1, 2018.

Proposed law specifically excludes gasoline, steam, water, electrical power or energy, natural gas, and energy sources other than refinery gas used for boiler fuel from the definition of tangible personal property when used for nonresidential purposes.

Effective July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$11,500,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$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>	<u>\$0</u>
<b>Annual Total</b>	<b>(\$2,300,000)</b>					<b>(\$2,300,000)</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

LA Dept. of Revenue (LDR) notes that proposed law will not override the provisions of Acts 25 and 26 of the First Extraordinary Session of 2016 without specific language to affect those Acts, and these transactions will remain subject to the tax impositions in those acts. Proposed law would exempt some purchases from the tax impositions provided in R.S. 47:321, although current law provides that several of them already are.

Specifically, under proposed law the tax rate on boiler fuel (other than refinery gas) for the period from July 1, 2017 to June 30, 2018 would be reduced from 5% to 4%. For the period from July 1, 2018 to March 31, 2019, the tax rate on boiler fuel would be reduced from 2% to 1%. Effective April 1, 2019, the tax rate on boiler fuel and on gasoline in which the motor fuel tax has not been paid would be reduced from 1% to 0%.

LDR estimates annual purchases of \$227M of boiler fuel (other than refinery gas) based on sales tax return data available prior to April 2016. The reduction of 1% of tax rate applicable to this base due to proposed law implies a revenue loss of \$2.3M in all years.

An estimate is not available of the amount of gasoline purchases on which motor fuel tax has not been paid. Currently, a dedication of \$29.8M is made to the Transportation Trust Fund representing sales taxes from aviation fuel, although the amount sales tax actually collected from sales of aviation fuels is unknown. Proposed law would presumably reduce the tax collections eligible for this dedication, as well, by an unknown amount.

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**  
**Chief Economist**