

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



Fiscal Note On: **HB 411** HLS 17RS 1099  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> May 15, 2017 4:44 PM	<b>Author:</b> JAMES
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales & Use Tax Exemptions	

TAX/SALES-USE, ST-EXEMPT EG +\$173,000,000 GF RV See Note Page 1 of 1  
 Removes the July 1, 2018 sunset provision on the suspension of certain exclusions and exemptions from state sales and use tax, making the suspensions permanent.

Current law provides that certain exemptions and exclusions from the 2% state sales and use tax levy in R.S. 47:302 are suspended until July 1, 2018, at which time they will become exempt again. Current law also provides that certain exemptions from the 1% levy in R.S. 47:331 are suspended until April 1, 2019.

Proposed law makes the restrictions on exclusions and exemptions to the 2% levy in R.S. 47:302 permanent, and leaves the exemptions to the 1% levy in R.S. 47:331 unaffected.

Effective July 1, 2018.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$173,000,000	\$173,000,000	\$173,000,000	\$173,000,000	<b>\$692,000,000</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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$173,000,000</b>	<b>\$173,000,000</b>	<b>\$173,000,000</b>	<b>\$173,000,000</b>	<b>\$692,000,000</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Current law provides numerous restrictions on exemptions that will expire at the end of FY18, and some that will expire 3/4 of the way through FY19. Proposed law would increase revenues in FY19 and all years following, relative to current law, by making the restrictions on exemptions ending on July 1, 2018 permanent. The restrictions ending on April 1, 2019 will be unchanged by proposed law.

It has been determined that the original version of this bill's fiscal note included revenue from permanently removing some exemptions that will not be impacted by proposed law. The adjusted revenue impacts, relative to the figures in the original fiscal note for this bill, reflect those corrections.

Based on reported sales and tax receipts by sales tax remitters since April 2016, the LA Dept. of Revenue (LDR) is able to estimate a projected \$173 million in additional FY18 revenues due to the permanent suspension of exemptions applicable to the 2% levy in R.S. 47:302 by current law. This figure includes additional general sales tax collections of \$165 million associated with numerous exemptions, and additional motor vehicle collections of \$8M associated predominantly with manufacturer rebates on vehicle sales.

The total revenue impact due to proposed law is a projected \$173 million increase in FY19-FY22.

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}

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