

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 93** SLS 17RS 174
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 23, 2017	7:47 PM	Author: MILLS
Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Sales & Use Tax Exclusion: Aircraft Preparation & Painting		

TAX/TAXATION RE1 NO IMPACT GF RV See Note Page 1 of 1
 Excludes from repairs to tangible personal property certain preparation and painting of aircraft for purposes of sales and use tax. (7/1/17)

Current law includes repairs to tangible personal property as a taxable service for the purposes of sales and use tax.

Proposed law specifies that aircraft surface preparation and painting is not a repair for the purposes of state and local sales and use tax, as long as the aircraft's Federal Aviation Administration (FAA) registration address is not in Louisiana.

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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Current law taxes surface preparation and painting of aircraft that are delivered to a location outside of the state of Louisiana at a rate of 2% until July 1, 2018, at which time the service will become fully exempt.

Proposed law aims to fully exclude this service from the definition of taxable services for aircraft that have a FAA registration address outside the state.

However, upon review of the language in proposed law and existing statute, LDR has determined that proposed law would not exempt these purchases from the provisions of Act 25 of the 2016 First Extraordinary Session, as it contains no language specifically exempting them from these provisions.

Thus, the bill would have no effect on the 2% rate imposed in FY18, and there would be no revenue impact in that year or any year following.

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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