

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



Fiscal Note On: **HB 673** HLS 17RS 1222  
 Bill Text Version: **RE-REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 2, 2017 9:11 AM	<b>Author:</b> STOKES
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax: Streamlining Various Provisions	

TAX/SALES-USE RR SEE FISC NOTE GF RV See Note Page 1 of 1  
 Amends, reenacts, or repeals various sales and use tax statutes. Enacts new exemption and refund statutes.

Current law imposes a tax on the sale, use, lease, or rental of tangible personal property and sale of certain services at various rates, and provides for exemptions and exclusions of various amounts.

Proposed law repeals numerous state and local sales tax statutes. Some are reenacted as exemptions or refunds, and some reenacted exemptions have broader language as consolidated. The bill also enacts several new refund statutes, and expands several exemptions to local taxing authorities. The proposed refund statutes allow local authorities to opt out of refunds for local sales tax paid.

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	INCREASE	INCREASE	INCREASE	INCREASE	<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>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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

LA Dept. of Revenue (LDR) anticipates 3 additional positions for administering the increased number of refund claims and filed returns due to proposed law. LDR notes that certain provisions could result in a substantial increase in filings, due to refund claims for transactions that previously would have been made using exemption certificates. Approximately \$209,000 per year reflects additional personnel costs using the average salary and benefits of a Revenue Tax Specialist. Additionally, system design, modification, and testing costs are estimated by LDR to be approximately \$52,000 of staff time.

**REVENUE EXPLANATION**

Proposed law would repeal numerous exemptions and exclusions, reenact most of them as refunds or exemptions, reenact some of them as exemptions with broader language, extend some exemptions to local taxing authorities, and enact some new refunds. All provisions are effective July 1, 2018.

Exemptions/exclusions that are repealed without replacement will increase revenue, while exemptions that are replaced or consolidated will tend to reduce revenue or have no impact. Revenue gains due to certain provisions will be offset to an unknown extent by losses due to other provisions. Thus, proposed law may cause either an increase or decrease to general fund, dedicated, and local fund revenues.

Repealed exemptions re-enacted with broader language and local applicability will result in a revenue loss of unknown size. Repealed exemptions that are not replaced will increase revenues by approximately \$3 million in FY19. Repealed exemptions that are reenacted as refunds will have a net impact of approximately \$0 to the general fund and dedications. As local authorities would be able to opt out of certain refund provisions, the impact on local funds of these provisions is unknown.

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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