

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



Fiscal Note On: **SB 93** SLS 17RS 174  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 5, 2017	1:58 PM	<b>Author:</b> MILLS
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales & Use Tax Exclusion: Aircraft Preparation & Painting		

TAX/TAXATION EN 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 if certain conditions are met.

Effective July 1, 2017.

<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	<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>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.	DECREASE	\$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>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Current law taxes 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 would fully exclude this service from the definition of taxable services for aircraft that have a FAA registration address outside the state, when the service is not performed in accordance with a regular maintenance or repair schedule, or is performed due to and within a year of a change of ownership of the aircraft, or change in the logo or livery of the aircraft's owner.

Proposed law would incur a revenue loss on aircraft delivered outside Louisiana prior to July 1, 2018. LA Dept. of Revenue (LDR) has no readily available information on the amount of sales of this type of service for aircraft registered outside of Louisiana, therefore an estimate of the size of the revenue loss utilizing tax return data is not available.

However, the author of proposed law indicated during Senate Floor debate on April 26, 2017 that the expected revenue impact of excluding this type of transaction was approximately \$10,000 per month, associated with a particular firm engaged in this business (a representative of that firm also testified on the bill in the Senate Revenue & Fiscal Affairs committee). This statement implies a revenue loss of \$120,000 in FY18.

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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