



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

Fiscal Note On: **SB 30** SLS 17RS 208  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 6, 2017 5:08 PM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax: Tax Free Shopping Program	

TAX/SALES-USE EN -\$1,200,000 GF RV See Note Page 1 of 1  
 Extends the termination date of the Tax Free Shopping Program from July 1, 2017 to July 1, 2023.

Current law provides for a refund for 4% of state sales tax for international travelers under the Louisiana Tax Free Shopping Program, which is scheduled to terminate on July 1, 2017. The additional 1% of state sales tax imposed by Act 26 of the First Extraordinary Session of 2016 is not refunded.

Proposed law extends the Louisiana Tax Free Shopping Program for six more years until July 1, 2023.

Effective upon governor's signature.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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>

  

REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$1,200,000)	(\$1,200,000)	(\$1,200,000)	(\$1,200,000)	(\$1,200,000)	<b>(\$6,000,000)</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	<u>(\$1,700,000)</u>	<u>(\$1,700,000)</u>	<u>(\$1,700,000)</u>	<u>(\$1,700,000)</u>	<u>(\$1,700,000)</u>	<b>(\$8,500,000)</b>
<b>Annual Total</b>	<b>(\$2,900,000)</b>	<b>(\$2,900,000)</b>	<b>(\$2,900,000)</b>	<b>(\$2,900,000)</b>	<b>(\$2,900,000)</b>	<b>(\$14,500,000)</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) data indicates that the Louisiana Tax Free Shopping program has issued an average of \$1.2M in refunds for state sales tax over the last five fiscal years and \$1.7M in local sales taxes over the last three years. The level of refunds is largely dependent upon international economic conditions and the resulting number of international travelers.

LFO notes that the Hospitality Research Center at the University of New Orleans forecasts approximately 3% annual growth in tourism spending from 2016 through 2019. However, the relationship between total foreign visitor spending in Louisiana and total refunds under this program has been unclear. For example, the amount of refunds issued due to this program declined by over \$120,000 in FY15 despite stable estimated spending by foreign visitors in Louisiana for that year. Therefore, average aggregate refunds in recent years is the best available projection of the revenue impact of continuing this program, and is reflected in the revenue impacts above.

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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