

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 24** HLS 181ES 69
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 19, 2018 7:31 PM **Author:** SMITH
Dept./Agy.: REVENUE **Analyst:** Benjamin Vincent
Subject: Sales Tax: Holidays

TAX/SALES-USE OR +\$5,460,000 GF RV See Note Page 1 of 1
 Repeals the Annual Louisiana Sales Tax Holiday, the annual sales tax holiday for hurricane preparedness items or supplies, and the Annual Louisiana Second Amendment Weekend Holiday.

Current law provides that during the first weekend in August, the first \$2,500 of the sales price of tangible personal property shall not apply to any state or local sales & use tax. Current law provides that during the last weekend in May, the first \$1,500 of the sales prices of certain hurricane-preparedness items shall not apply to any state sales & use tax. Current law provides that during the first full weekend in September certain firearms, ammunition, hunting supplies and other items are shall not apply to any state or local sales & use tax.

Proposed law repeals these three sales & use tax holidays.

Effective July 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$5,460,000	\$5,460,000	\$5,460,000	\$5,460,000	\$5,460,000	\$27,300,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$200,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law repeals existing exemptions granted on certain items on certain days during the year. The revenue increases in the table above reflect an increase in the rate of sales tax applied from 0% to 4% on the relevant transactions at the state level, and an increase of unknown magnitude at the local level for the August and September sales tax holidays.

LA Dept. of Revenue (LDR) reports revenue losses due to all three tax holidays, and the Office of Motor Vehicles (OMV) reports sales tax revenue losses on purchases of certain off-road vehicles designed primarily for hunting due to the Second Amendment Weekend holiday. Based on reported sales and tax receipts, proposed law is expected to generate an estimated \$5.1 million in state general sales tax and \$0.4 million in state motor vehicle sales tax, for a total estimated revenue impact of \$5.5 million. Of this total, the Tourism Promotion District will collect a small amount, some \$40,000 per year, reflected as Ded./Other in the table above, and the state general fund will collect the balance.

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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