

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 25** HLS 181ES 29
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 19, 2018 8:56 PM **Author:** MORRIS
Dept./Agy.: **Subject:** Sales & Use Tax: Exclusion/Exemption Restrictions Sunset **Analyst:** Benjamin Vincent

TAX/SALES-USE, STATE OR +\$154,300,000 GF RV See Note Page 1 of 1
 Removes the July 1, 2018 sunset provision on the suspension of certain exclusions and exemptions from state sales and use tax, making the suspensions permanent.

Current law provides that certain exemptions and exclusions from the 2% state sales and use tax levy in R.S. 47:302 are suspended until July 1, 2018, at which time they will become exempt again. Current law also provides that certain exemptions from the 1% levy in R.S. 47:331 are suspended until April 1, 2019.

Proposed law makes the restrictions on exclusions and exemptions to the 2% levy in R.S. 47:302 permanent, and leaves the exemptions to the 1% levy in R.S. 47:331 unaffected.

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.	\$154,300,000	\$154,300,000	\$154,300,000	\$154,300,000	\$154,300,000	\$771,500,000
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	\$154,300,000	\$154,300,000	\$154,300,000	\$154,300,000	\$154,300,000	\$771,500,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Current law provides numerous restrictions on exemptions that will expire at the end of FY18. Proposed law would increase revenues in FY19 and all years following, relative to current law, by making the restrictions on exemptions ending on July 1, 2018 permanent.

Based on reported sales and tax receipts by sales tax remitters since April 2016, the permanent elimination of exemptions applicable to the 2% levy in R.S. 47:302 will raise an estimated \$146.7 million in general sales tax collections, and \$7.6 million in motor vehicle sales tax collections (primarily associated with manufacturer rebates on vehicle sales).

The total revenue impact due to proposed law is a projected \$154 million increase in FY19-FY23.

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}

Gregory V. Albrecht
Chief Economist