

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



Fiscal Note On: **HB 200** HLS 19RS 6  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 14, 2019	12:55 PM	<b>Author:</b> JEFFERSON
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax Exemption: Funeral-related Goods & Services		

TAX/SALES-USE-EXEMPT OR DECREASE GF RV See Note Page 1 of 1  
 Expands the state and local sales and use tax exclusion for certain funeral-related goods and services

Present law fully exempts funeral directing services from state and local sales and use taxes. These services include the operation of funeral homes, management of funerals, and certain related services occurring after time of death until delivery for burial or other disposition.

Proposed law additionally exempts items that are considered "cash advance items" made by funeral establishments on behalf of a funeral consumer to a third party for a cash advance. These can include cemetery or crematorium charges, flowers, pallbearers, obituary notices, death certificates, musicians, singers, clergy honoraria, gratuities, and death certificates.

Effective July 1, 2019.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</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	\$0	\$0	\$0	\$0	\$0	<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>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Present law exempts certain services associated with the managing and directing of funerals from state and local sales and use tax. This exemption does not include the sale, lease, rental, or use of any tangible personal property in connection with a funeral. LDR reports an approximate annual average of \$76 mil of non-taxable sales under this exemption.

Proposed law would expand the list of non-taxable items to include some goods and some additional services, when purchased via the funeral service provider as a cash advance item. Some items that would become exempted include: cemetery or crematorium charges, flowers, pallbearers, obituary notices, death certificates, musicians, singers, clergy honoraria, gratuities, and death certificates.

To the extent that funeral consumers would make these purchases via funeral service providers, exempting these additional goods and services would result in a reduction of state general fund revenue and local funds. Detailed data on Louisiana funeral expenditures that could be used to reliably estimate the revenue loss due to proposed law is unavailable.

In addition, LDR notes that proposed law may encourage the reclassification of items billed to funeral consumers as cash advance items to avoid the collection of state and local sales tax.

A rough estimate of maximum potential loss may be estimated using Census data on annual deaths and funeral cost estimates by the National Funeral Directors Association (NFDA). An average of approximately 46,000 annual Louisiana deaths and \$76 mil in tax-exempt funeral directing services sales, implies an average of approximately \$1,600 in tax-exempt sales per death. This estimate closely matches the typical range of NFDA reported funeral director's services fees. An unknown amount of additional funeral-related expenditures would be exempted due to proposed law. NFDA estimates an average of \$7,300 in total funeral costs. If the remaining \$5,700 of typical funeral costs could be included as cash advance items paid for by funeral establishments, it would imply an additional \$262 mil in tax-exempt sales, and a general fund revenue loss of \$11.7 mil per year. Comparable local revenue losses would also occur. Actual revenue losses attributable to the bill are likely some unknown amount less than this implied maximum.

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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