

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 32** HLS 19RS 1155
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 5, 2019	1:36 PM	Author: HORTON
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Sales Tax: 0.45% Levy Suspension		

TAX/SALES & USE OR -\$392,000,000 GF RV See Note Page 1 of 1
 Suspends the .45% state sales and use tax levy imposed in R.S. 47:321.1 until 60 days after final adjournment of the 2020 R.S.

Proposed resolution suspends 0.45% of the state sales and use tax levy in R.S. 47:321.1.

Effective upon adoption of resolution, until 60 days after final adjournment of the 2020 Regular Session.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	\$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

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	(\$392,000,000)	(\$33,000,000)	\$0	\$0	\$0	(\$425,000,000)
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	(\$392,000,000)	(\$33,000,000)	\$0	\$0	\$0	(\$425,000,000)

EXPENDITURE EXPLANATION

LDR reports that tax form redesign, in addition to IT system development, modification, and testing would be required to implement proposed resolution, once for the suspension of the levy, and again for its resumption. These anticipated expenditures would be reflected as two one-time expenditures of \$231,000, occurring in FY19 and in FY20. Changes for the initial suspension would have to be made in relatively short period of time, given the effectiveness of the resolution.

REVENUE EXPLANATION

Proposed resolution would immediately suspend the temporary 0.45% levy until approximately July 31, 2020. The effective state sales tax rate would be 4% for all of FY20, and for approximately one month of both FY19 and FY21.

This fiscal note assumes that the resolution would be adopted and become effective in the final week of the 2019 Regular Session, and thereby impact FY19 revenues for June. Revenue losses for FY19 would be apparent when accrual impacts are measured.

Based on the fiscal note for HB10 of Third Extraordinary Session of 2018, which implemented the 0.45% levy, the revenue impact to the general fund would be a loss of approximately \$33 mil in FY19, as well as a loss of \$392 mil in FY20, and a loss of approximately \$33 mil in FY21.

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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