

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 69** HLS 201ES 176
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 16, 2020 3:38 PM	Author: DESHOTEL
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Exemption: Fiber-optic Cable	

TAX/SALES-USE-EXEMPT EG DECREASE GF RV See Note Page 1 of 1
 To provide for a sales and use tax exemption on the sales of certain fiber-optic cables (Item #31)

Present law subjects sales of taxable items at a state rate of 4.45% via four separate levies thru June 30, 2025, and exempts certain items from the levies. Additionally, sales of this item is subject to sales tax by political subdivisions.

Proposed law would fully exempt fiber-optic cables, when purchased by a broadband internet service provider (ISP), from all state and local levies.

Effective July 1, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

LDR anticipates minor implementation costs in the process of modifying returns and in the development of exemption certificates.

REVENUE EXPLANATION

Proposed law would simply fully exempt purchases of fiber-optic cables made by broadband ISPs from state and local sales tax levies. The magnitude of the revenue impact is currently indeterminable. State revenue losses would accrue primarily to the state general fund, but with some small portion also accruing to tourism and economic development dedications of sales tax collections.

Presumably, ISPs routinely purchase this equipment in support of their ongoing network infrastructure expansion and maintenance. Additionally, LFO notes that recent federal grants and loans have been awarded in Louisiana for the purposes of installing significant broadband fiber-optic infrastructure amounting to approximately \$15 million and 250 miles of total fiber-optic cable. However, LFO is unaware of any reliable data on typical prices or sales volume for typical fiber-optic cable purchases in the state, and in the case of the \$15 million federal project, the relative importance of fiber-optic costs is unknown.

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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