



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 540** HLS 21RS 960  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 26, 2021	4:25 PM	<b>Author:</b> HILFERTY
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Exemptions: Construction Materials to Charitable Groups		

TAX/SALES & USE OR DECREASE GF RV See Note Page 1 of 1  
 Provides a sales and use tax exemption for purchases of construction materials by certain charitable organizations

Present law temporarily suspends numerous exemptions and exclusions, fully applying a combined state sales and use tax rate of 4.45% to taxable purchases, until June 30,2025, at which time.

Proposed law fully reinstates a state and local exemption for the sale of construction materials to Hands on New Orleans and Rebuilding Together New Orleans when such purchases are for use in either constructing, rehabilitating, or renovating residential dwellings. Proposed law additionally expands the exemption, by removing the eligibility restriction requiring that such purchases are only eligible for dwellings destroyed by Hurricane Katrina or Rita.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</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**

Modifying the current set of suspended exemptions will require minor expenditures for tax return form redesign, and for computer system modification, development, and testing.

**REVENUE EXPLANATION**

Proposed law reinstates and expands an existing state and local sales tax exemption for sales of construction materials to certain charitable organizations for certain projects. The exemption was initially enacted in 2009, with a maximum of \$500,000 in allowed exemptions for any calendar year.

Proposed law would reinstate the exemption and expand eligibility to houses that were not destroyed by Hurricane Katrina or Rita. Additionally, proposed law retains the \$500,000 annual maximum authorized for this exemption. For information purposes, since the creation of the exemption, its revenue impact has been reported either as "negligible" or included under "Other Exemptions" in the Tax Exemption Budget.

The reinstatement of the exemption, in isolation, would result in a state general fund and local revenue decrease for FY22-FY25, until the temporary suspension of the exemption expires as provided in current law. Expanding the exemption, in isolation, would cause an additional, indeterminable state general fund and local revenue decrease for all years. While capped at \$500,000 per year, the exemption is likely to result in revenue losses considerably smaller than that 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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