



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 172** SLS 21RS 417
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 9, 2021	12:00 PM	Author: WARD
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Exemption: Charitable Purchase of Construction Materials		

TAX EXEMPTIONS EN DECREASE GF RV See Note Page 1 of 1
 Reinstates the state sales tax exemption on sales of construction materials to Habitat for Humanity affiliates. (7/1/21)

Current law subjects purchases of tangible personal property to a combined state sales and use tax rate of 4.45%. 0.45% of the 4.45% is levied via R.S. 47:321.1, which will expire on June 30, 2025. At that time, taxable purchases will be subject to a combined state rate of 4%, and purchases of certain construction materials by certain charitable entities will return to being fully exempt.

Proposed law fully exempts, from state and local sales and use tax, sales of construction materials to Habitat for Humanity affiliates, Fuller Center for Housing covenant partners located in this state, or the Make it Right Foundation when such materials are intended for use in constructing new residential dwellings. The exemption lasts from FY22 through FY25, at which time these transactions are scheduled to be exempt under current law. Proposed law additionally exempts such purchases when made for use in constructing new animal shelters in the state, if construction begins prior to July 1, 2025. Effective October 1, 2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	SEE BELOW	
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	DECREASE	DECREASE	DECREASE	DECREASE	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law fully exempts certain purchases of construction materials by certain charitable entities from state and local sales and use taxes for FY22 through FY25. Current law provides that for FY26 and years following, such purchases for charitable residential construction are already exempt, and such purchases for animal shelter construction will be taxable.

Recent data on eligible purchases is not available, however claims under the exemption for charitable residential construction prior to its suspension in 2016 imply typical annual eligible expenditures of approximately \$125,000. These amounts imply a general fund revenue impact of approximately \$6,000 for every full year due to the charitable housing provisions in proposed law.

The provision exempting purchases for the construction of animal shelters will result in an indeterminable, but likely relatively minor, reduction in general fund revenue collections, primarily impacting fiscal years 2022 through 2025. As some eligible purchases may continue into FY26 for animal shelter projects that may begin prior to the end of FY25, it is possible that some FY26 purchases may be exempted that would otherwise be taxable.

The reduction to local funds will vary by the tax rate charged and the extent of eligible purchases in each subdivision, and is thus indeterminable in magnitude.

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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