

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 118** SLS 23RS 317

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 19, 2023	3:58 PM	Author: HARRIS, JIMMY
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Extends authorization for Tax Free Shopping for one year		

TAX/SALES EG DECREASE GF RV See Note
Extends the sunset of the Louisiana Tax Free Shopping Program. (gov sig)

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Current law provides for a refund for 4% of state sales tax and an optional refund of local sales tax made available to international travelers under the Louisiana Tax Free Shopping Program, which is scheduled to terminate on July 1, 2023.

Proposed law extends the Louisiana Tax Free Shopping Program for one year through July 1, 2024.

Effective upon governor's signature.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Extending the Tax Free Shopping program one year is expected to result in a minimal decrease in state and local sales tax revenue in FY 24, though possibly larger than has been experienced over the last couple of years. If international travel activity reaches pre-pandemic levels, the impacts would be expected at around \$1 M for state refunds and \$1.5 M for local refunds. If refund activity remains sluggish, this figure could be much lower.

LA Dept. of Revenue (LDR) data indicates that the Louisiana Tax Free Shopping program has issued minimal refunds between FY 20 and FY 22, with an annual average of less than \$365,000. Pre-pandemic, an average of about \$1.0 M in refunds for state sales tax and \$1.5 M in local sales tax refunds were issued annually. Refunds are largely dependent upon international economic conditions and the resulting number of international travelers who are made aware of the opportunity and claim the sales tax refund.

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}

Alan M. Boxberger

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