

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 665** HLS 15RS 519
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 29, 2015 9:02 AM	Author: KLECKLEY
Dept./Agy.: Local Sales Tax	Analyst: Deborah Vivien
Subject: Excludes airplane repair at certain airports in Calcasieu Par	

TAX/SALES-USE, LOCAL RE SEE FISC NOTE LF RV See Note Page 1 of 1
 Excludes certain repairs on tangible personal property from local sales and use tax by certain taxing authorities in Calcasieu Parish

Current law imposes a 5% local sales tax on aircraft repair with 2.25% dedicated to the City of Lake Charles, 2% to the Calcasieu Parish School Board and 0.75% to Local Law Enforcement. All but the Local Law Enforcement portion are in the 2nd year of a 10 year rebate back to the taxpayer.

Proposed law provides a local sales tax exclusion from sales of services authorized by taxing authorities in Calcasieu Parish. The exclusion is for expenses related to aircraft repairs provided they are performed at an airport with a runway that is at least 10,000 feet long, 160 feet wide and 14 inches thick.

EXPENDITURES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
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>	<u>\$0</u>
Annual Total	\$0	\$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

The bill appears intended to reduce local sales tax revenue from aircraft repairs undertaken at Chennault International Airport in Calcasieu Parish, the only airport with current runway specifications within the parameters of the bill. The bill excludes from local sales tax any expenses for aircraft repairs that take place at any airport in Calcasieu Parish with a runway of 10,000 feet, 160 width and 14 inch depth, which would include other airports should they construct such a runway in the future.

Currently, the local sales tax for aircraft repair is 5% with 2.25% for the City of Lake Charles, 2% for Calcasieu Parish School Board and 0.75% to Local Law Enforcement. Through April of this year only the Local Law Enforcement tax would have been impacted by this bill; approximately \$6,500 per month over the last 15 months or about \$78,000 per year, according to the Calcasieu Parish Sales Tax Collection Division, with the remainder already being rebated.

However, also according to the Division, as of May of this year the law enforcement portion of the tax will also begin being rebated back to the taxpayer. Thus, this bill will have no effect as of its effective date.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

Gregory V. Albrecht
Chief Economist