

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 118** SLS 15RS 247
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 27, 2015 5:58 PM	Author: ADLEY
Dept./Agy.: Revenue/Legislative Auditor	Analyst: Deborah Vivien
Subject: Determines and dedicates remote sales tax receipts	

TAX/SALES

OR SEE FISC NOTE GF RV See Note

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Dedicates to the Better Highways and Higher Education Fund state sales tax proceeds collected each fiscal year as a result of a federal law requiring vendors located out-of-state to collect sales tax on their Internet and mail order sales. (gov sig)
Proposed law directs the Secretary of Revenue to monitor federal legislation and estimate any additional state sales tax generated directly or indirectly from vendors out of state due to the passage of any federal legislation, as agreed upon by the Legislative Auditor. The amount of the estimate is to be deposited to the Better Highways and Higher Education Fund, created by this bill. Interest and balance remain in the fund. The legislature is directed to appropriate 50% of the fund to the Transportation Trust Fund for construction or maintenance of Highway Priority Program projects. The remaining 50% will be appropriated to Higher Education according to the institution's 3 year average federally-financed research and development expenditures according to the Federally Financed Higher Education R&D Expenditures report of the National Science Foundation issued on or before January 1 preceding a state fiscal year.

Effective July 1, 2015

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Depending on the interpretation, this bill could authorize the dedication of material amounts of SGF related to sales tax, given that it may be possible to attribute material amounts of out of state sales to some type of federal legislation. The Secretary of Revenue along with the Legislative Auditor are directed to estimate any direct and indirect effects on sales tax remitted from out of state vendors due to any federal legislation as the amount to be dedicated to transportation and higher education, without caps or any other constraining factors. Indirect effects refer to receipts that occur even before the passage of federal legislation. Depending on the interpretation by the Secretary, this amount could be a significant portion of sales tax remittances.

The language of the bill seems to effectively allow the Secretary's discretion in determining the amount of the dedication of sales tax revenue to transportation and higher education. Even if the bill is applied only to future federal legislation, the bill contemplates dedicating revenue that would otherwise be general fund receipts.

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| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <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} | |

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