

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 207** HLS 15RS 6
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 10, 2015 7:08 PM	Author: HARRIS
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Exempts all bakery products from state sales tax	

TAX/SALES-USE, STATE EN DECREASE GF RV See Note Page 1 of 1
 Specifies the types of bakery products exempt from state sales and use tax

Current law imposes a state sales tax on food sales by restaurants, drive-ins, snack bars, candy and nut counters, private clubs and sales made by an establishment not specifically exempted elsewhere who furnish facilities for the consumption of the food on the premises.

Proposed law creates the Deauxnut Fairness Act and exempts from state sales tax bakery products sold at grocery stores, bakeries, and donut shops regardless of whether the establishment furnishes facilities for the consumption of food on the premises. Effective on 7/1/15.

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	\$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						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill allows bakery products sold at grocery stores, bakeries, and donut shops regardless of whether the establishment furnishes facilities for the consumption of food on the premises to be exempt from state sales tax. For instance, if a vendor offers bakery products to consume in the store, those sales are currently subject to state sales tax. Sales by the vendor for consumption at home, or if no facilities are furnished for consumption on premises, are not subject to state sales tax. This bill would exempt the sales for consumption in the store.

The bill can only work to decrease SGF revenue since any bakery products currently being taxed as food for consumption on premises will now be exempt as food for home consumption. The fiscal impact cannot be reasonably determined. Census data reports retail sales by industrial codes (NAICS codes), but at the state level is highly aggregated with insufficient detail to be informative. The specific type of sales the bill appears to target are likely to be relatively small, even in the statewide aggregate.

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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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