

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 81** HLS 161ES 224
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 24, 2016 10:46 AM	Author: THIBAUT
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Includes alternative energy from resid utilities exemption	

TAX/SALES & USE OR DECREASE GF RV See Note Page 1 of 1
 (Constitutional Amendment) Provide with respect to limitations on sales and use tax (Item #16 and 36)

Current law constitutionally exempts natural gas, electricity and water sold directly to the consumer for residential use from sales tax.

Proposed law amends the Constitution to include alternative energy in the exemption for residential utilities. If the bill is enacted, the Constitutional amendment will be considered by the public on the November 8, 2016. Presumably, the exemption will be in effect upon voter approval in November.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	2016-17	2017-18	2018-19	2019-20	2020-21	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. The Department indicates that any implementation costs will be absorbed in the current budget. Though the cost of this bill is minimal, the aggregate impact of all session bills may require additional resources.

REVENUE EXPLANATION

The bill exempts alternative energy sources as a residential utility from sales tax. The bill does not define alternative energy, which allows a wide array of possible outcomes in determining the impact. To the extent that alternative energy is being sold as a residential utility and is currently being taxed, state general fund revenue will decrease as it will no longer be taxable under this bill (upon voter approval). The magnitude of the potential decrease is unknown.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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