

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 39** HLS 161ES 146
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 9, 2016 6:28 PM	Author: STOKES
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Auto Rental Excise Tax	

TAX/EXCISE EN +\$5,000,000 GF RV See Note Page 1 of 1
 Levies an automobile rental tax (Item #25)

Current law no longer imposes a state-level 3% excise tax on short-term auto rentals, as of FY13. A state-level tax was in affect for 22 year from FY91 through FY12. The state portion of that tax was a 2.5% levy and the local portion was 0.5%. The Department of Revenue collected the entire 3% levy and distributed the local portion back to the parish of rental.

Proposed law re-imposes the 3% levy. All other conditions of the tax are retained, and certain distributions of the local tax are specified. The bill also clarifies that rentals of vehicles primarily for transport of freight or goods is not subject to the tax (these rentals were not subject to tax when the law was last effective).

Effective April 1, 2016.

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	\$0	\$0	\$0	\$0	\$0	\$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.	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$25,000,000
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	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Annual Total	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$30,000,000

EXPENDITURE EXPLANATION

Collection and distribution processes had been in place for some 22 years, before the tax was allowed to expire in FY13. While the Department of Revenue should be able to re-institute those processes, some costs will still be incurred. These costs are typically estimated as several thousands or even tens of thousands of dollars of staff time for programming changes and handling taxpayer inquiries and education.

REVENUE EXPLANATION

The bill re-imposes the total 3% levy, retaining the 2.5% rate as state tax and the 0.5% rate for distribution to local entities. This tax was in place for some 22 years (FY91 - FY12), and in its last few years was generating approximately \$6 million per year in total receipts before its expiration in FY13; \$5 million for the state and \$1 million for local entities. That level of annual collections would be expected again upon it's re-imposition in FY17 and beyond.

While the bill is effective April 1, 2016, it is likely to take some time to ramp up the collections process and taxpayer knowledge and remittances. Only two months of collections are assumed during FY16; roughly \$800,000 for the state and \$160,000 for local entities.

Senate Dual Referral Rules House

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| <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 checked="" 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} |

John D. Carpenter
John D. Carpenter
Legislative Fiscal Officer