

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 99** SLS 16RS 234

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 11, 2016 9:07 AM	Author: SMITH, G.
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Exempts sales by minors < \$500 from sales tax	

TAX/TAXATION OR DECREASE GF RV See Note
Provides relative to sales by minors. (8/1/16).

Current law imposes a state sales tax on tangible personal property and certain services unless exempt or excluded.

Proposed law exempts minors (under the age of 18) with sales of less than \$500 annually from sales tax liabilities by removing them from the definition of a business. The bill also exempts minors with sales of less than \$500 annually from an occupational license tax.

Effective August 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.	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Prior to 4/1/16, sales by minors up to \$500 would likely have been exempt from sales tax as isolated or occasional sales. Currently isolated and occasional sales are taxable at 4% through 7/1/16 then 2% through 7/1/18 as a result of legislative action during the 2016 First Special Session. Thus, the sales targeted by this bill are currently liable to taxation by the state. However, according to the Department of Revenue, enforcement efforts are not expected to concentrate heavily on these types of sales since remittances are likely to be minimal. Per minor affected, a maximum of \$500 in sales would generate \$20 in sales tax at 4% and \$10 in sales tax at 2%. To the extent the bill precludes some compliance and/or enforcement that would otherwise occur, it can only work to decrease sales tax receipts. At the state level, any affected amount is not expected to be material.

At the local level, to the extent that sales tax and occupational license taxes have been remitted for these types of sales and will no longer be remitted as a result of this bill, local revenue would also be lower than otherwise. Within each taxing jurisdiction, any affected amount is not expected to be material.

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 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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