



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 98** HLS 00- 336
 Bill Text Version: **ENROLLED**
 Opp Chamb Action:
 Sub Bill For:
 Proposed Amd:

Date: June 8, 2000 2:36 PM	Author: THOMPSON
Dept/Agy: Revenue	
Subject: Exempts certain purchases from state sales and use tax	Analyst: Robert E. Hosse

TAX/TAXATION

(Constitutional Amendment) Provides for exemption for food for home consumption, natural gas, electricity, and water from sales and use tax levied by the state or political subdivision whose boundaries are coterminous with the state.

The bill would constitutionally exempt food for home consumption, natural gas, electricity, and water from sales and use tax levied by the state or by a political subdivision whose boundaries are coterminous with those of the state.

The proposed constitutional amendment is to be submitted to the voters at the statewide election on November 7, 2000, and would become effective on July 1, 2002, but only if and when the proposed amendment of Article VII, Section 4(A) of the Louisiana Constitution which originated as House Bill No. 73 of the 2000 Regular Session is adopted at the statewide election to be held on November 7, 2000, and becomes effective.

EXPENDITURES	2000-01	2001-02	2002-03	2003-04	2004-05	5 YEAR TOTAL
State General Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./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	2000-01	2001-02	2002-03	2003-04	2004-05	5 YEAR TOTAL
State General Fd.	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./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				

EXPENDITURE EXPLANATION:

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

REVENUE EXPLANATION:

Effective July 1, 2002, the current suspension of exemptions under Act 18 of the First Extraordinary Session of 2000 are scheduled to sunset. The proposed legislation would preclude the suspension of exemptions to all 4¢ relative to food for home consumption, natural gas, electricity, and water beginning July 1, 2002. Each 1¢ of suspended exemptions for food and utilities is estimated to generate \$103 million in FY 2001. Assuming a 1% growth rate, this legislation would preclude the suspension of approximately \$420 million in FY 2003.

The estimate of suspension of exemptions is based on an econometric model of state sales tax collections. That model statistically adjusts for the shifts in the collections trend due to the expansion and contraction of the tax base resulting from the various suspensions of exemptions that have been enacted over time. As additional collections data has been added to this model, this estimate has remained relatively stable. Thus, only a modest growth rate of 1% is assumed for each subsequent year of this exemption.

Dual Referral Rules

Senate

- 13.5.1 >= \$500,000 Annual Fiscal Cost
- 13.5.2 >= \$500,000 Annual Tax or Fee Change

House

- 6.8(F) >= \$500,000 Annual Fiscal Cost
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease per year

Gregory V. Albrecht

Gregory V. Albrecht
CHIEF ECONOMIST