

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 187** HLS 15RS 862

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 6, 2015 6:41 PM	Author: MORENO
Dept./Agy.: Local Government	Analyst: Greg Albrecht
Subject: Authorizes Local Excise Tax On Tobacco Products	

TAX/EXCISE

OR SEE FISC NOTE LF RV

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Authorizes a parish governing authority to levy an excise tax on tobacco products

Authorizes parish governments to levy an excise tax on tobacco products (cigarettes, cigars, smoking and smokeless tobacco). The new tax must be approved by voters within the parish, and can be used for any purpose including financing the sales of bonds.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						
REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

To the extent this authority is exercised, local government expenditures would increase, associated with collection expenses. Local governments already impose and collect taxes from retail vendors, and this new taxing authority would presumably be levied and collected from that existing vendor base. This works to minimize ongoing costs, once initial costs of setting up reporting and collection procedures, and informing taxpayers of their new obligations.

REVENUE EXPLANATION

It is speculative as to which parishes, if any, will choose to levy the tax authorized by this bill, and on what basis and rate. To the extent this authority is exercised, local government revenue would increase.

Should local taxation occur, it is possible that state tobacco tax revenue would decline as a result of the negative behavioral response typically associated with tobacco purchases. To the extent tobacco purchases decline or are shifted to out-of-state jurisdictions, state tax receipts would be lower than otherwise. Such an effect occurred in 2009 when federal tobacco taxes were increased. State tobacco tax receipts were permanently reduced after that federal tax increase. The degree of such a behavioral response depends to a large degree on the rate of new taxation in terms of the change in retail price increase consumers in the local taxing jurisdiction face.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <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} |


John D. Carpenter
Legislative Fiscal Officer