

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 84** HLS 15RS 14

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 11, 2015 6:08 AM	Author: MILLER
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Laundry services subject to sales tax upon delivery	

TAX/SALES & USE

OR SEE FISC NOTE LF RV

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Provides relative to the definition of "sales of services" for purposes of sales and use tax

Current law subjects laundry, cleaning, pressing and dyeing services to state and local sales and use tax, including the cleaning and renovation of clothing, furs, furniture, carpets and rugs as well as storage space for similar items.

Proposed law retains current law and insert the language stipulating that state and local sales tax is due on laundry services in the cases where the services are delivered to the customer.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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

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

REVENUE EXPLANATION

This bill stipulates that sales of laundry and dry-cleaning services are taxable where the cleaned items are delivered to the customer, not where the cleaning necessarily takes place, which is anticipated to be current practice but may not have been interpreted that way in all circumstances. Due to this bill, one parish with more storefronts might receive more sales tax revenue while another parish with a cleaning plant might experience lower sales tax revenue, if the taxation was occurring at the plant prior to this bill. To the extent that transactions are no longer taxable that may have been considered taxable under current law, local revenue will change.

The same dynamic could take place at the state level if the plant and storefronts are on opposite sides of the state line. The bill does not appear to impact the amount of cleaning services sold, but may change the distribution of remittances among taxing authorities.

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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} |

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