

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 20** HLS 182ES 10  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 23, 2018 11:46 AM	<b>Author:</b> MORRIS, JAY
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Permanent retention of suspended exemptions/exclusions	

TAX/SALES-USE, STATE OR +\$173,000,000 GF RV See Note Page 1 of 1  
 Removes the July 1, 2018 sunset provision on the suspension of certain exclusions and exemptions from state sales and use tax, making the suspensions permanent.

Current law provides that certain exemptions and exclusions from the 2% levy in R.S. 47:302 and the 1% levy in 47:321 are suspended until July 1, 2018, at which time they will become exempt again. Current law also provides that certain exemptions from the 1% levy in R.S. 47:331 are suspended until April 1, 2019.

Proposed law makes the restrictions on exclusions and exemptions to the 2% levy in R.S. 47:302 and the 1% levy in R.S. 47:321 permanent, and leaves the exemptions to the 1% levy in R.S. 47:331 unaffected. Additionally, proposed law exempts purchases of electricity in support of production activity for stripper wells from both the 47:302 (2%) and 47:331 (1%) levies, subjecting these purchases to a rate of 1% via 47:321 only.

Effective July 1, 2018.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$173,000,000	\$173,000,000	\$173,000,000	\$173,000,000	\$173,000,000	<b>\$865,000,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$173,000,000</b>	<b>\$173,000,000</b>	<b>\$173,000,000</b>	<b>\$173,000,000</b>	<b>\$173,000,000</b>	<b>\$865,000,000</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Current law provides numerous restrictions on exemptions that will expire at the end of FY18, and some that will expire 3/4 of the way through FY19. Proposed law would increase revenues in FY19 and all years following, relative to current law, by making the restrictions on exemptions ending on July 1, 2018 permanent. The restrictions ending on April 1, 2019 will be unchanged by proposed law.

Based on sales and use tax collections since April 2016, proposed law will raise revenue collections. Retaining the suspension of exemptions on R.S. 47:302 (2%) will raise an estimated \$146 million, and retaining the suspensions for R.S. 47:321 (1%) will raise an estimated \$29 million. The partial exemption on electricity for use in stripper well production will reduce collections by an anticipated \$2 million.

The net impact of proposed law is to increase collections by an anticipated \$173 million in FY19 and all years following.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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